Modern American Law

A Systematic and Comprehensive Commentary on the Fundamental Principles of American Law

PREPARED BY

JUDGES, MEMBERS OF THE BAR, TEACHERS IN LAW SCHOOLS, AND WRITERS ON LEGAL SUBJECTS

UNDER THE EDITORIAL SUPERVISION OF

EUGENE ALLEN GILMORE, A.B., LL.B.
FORMER DEAN, UNIVERSITY OF IOWA LAW SCHOOL

ASSISTED BY

WILLIAM CHARLES WERMUTH, M.S., LL.B.
FORMER LAW LECTURER, NORTHWESTERN UNIVERSITY

BLACKSTONE SCHOOL OF LAW
CHICAGO

Modern American Law

PATENTS

BY

GEORGE C. HOLT, A.B., LL.B., LL.D.,
FORMER JUDGE, UNITED STATES DISTRICT COURT

TRADEMARKS

BY

WILLIAM L. SYMONS, LL.M., M.P.L.,
FORMER PROFESSOR OF LAW, WASHINGTON COLLEGE OF LAW

COPYRIGHT

BY

WILLIAM L. SYMONS, LL.M., M.P.L.,
FORMER PROFESSOR OF LAW, WASHINGTON COLLEGE OF LAW

ESTOPPEL

BY

OLIVER S. RUNDELL, LL.B.,
DEAN OF LAW, UNIVERSITY OF WISCONSIN

ADMIRALTY LAW

BY

GEORGE C. HOLT, A.B., LL.B., LL.D.,
FORMER UNITED STATES DISTRICT JUDGE

CONFLICT OF LAWS

BY

GEORGE L. CLARK, A.B., LL.B., J.S.D.,
PROFESSOR OF LAW, UNIVERSITY OF KANSAS CITY

INTERSTATE COMMERCE

BY

DUDLEY O. McGOVNEY, A.M., LL.B.,
FORMER PROFESSOR OF LAW, UNIVERSITY OF CALIFORNIA

VOLUME 10

BLACKSTONE SCHOOL OF LAW
CHICAGO

COPYRIGHT, 1915, BY
BLACKSTONE INSTITUTE

COPYRIGHT, 1917, BY
BLACKSTONE INSTITUTE

COPYRIGHT, 1921, BY
BLACKSTONE INSTITUTE

1963 EDITION

All Rights Reserved
Printed in the United States of America

PREFACE.

A perusal of the title page of this volume discloses an unusually wide range of interesting subjects. The first is "Patents," which deals with the protection of the creation of inventors. This is followed by two related subjects, "Tradémarks" and "Copyright," both of which are sometimes confused by the layman with each other and with Patents. "Trademarks" deals with the law protecting the devices or symbols used in business to designate services or various articles of trade. "Copyright" defines "literary property" and explains the extent to which, and the method by which, the law protects this kind of property. Each has its own individual concepts, so even though closely related, they are given individual treatment.

The next article—that covering "Estoppel"—explains a subject which keeps bobbing up frequently in most branches of the law. Some legal terms are used with great frequency but at the same time with great inaccuracy. This is true of the term "estoppel." It is important that the precise meaning of this term be understood. Hence, it is given separate treatment here, even though various forms of it are encountered elsewhere in this series.

In the development of the law two large fields came to be recognized; Law and Equity. Originally, these two fields were administered by two distinct sets of

courts. In most states now, however, legal and equitable relief are obtainable in the same court, but there still remains the important difference between law and equity. A third field of law was early developed dealing with rights and liabilities growing out of transportation by water. This body of the law was called Admiralty Law and was administered by separate tribunals known as Courts of Admiralty. The development of this field and its present status are discussed for you in this volume under the subject of "Admiralty Law."

The title of the next subject—"Conflict of Laws"—perhaps needs some explanation. In the United States, where there are so many independent jurisdictions, difficult questions arise as to the law of which state shall govern a transaction and what shall be done in case of a conflict in the law of one state with that of another. The principles herein explained, therefore, have frequent application.

The last subject in this volume, "Interstate Commerce," is one which virtually started from scratch but which has grown to gigantic importance. The life of the nation is commerce, and the growth of the United States has largely been the growth of interstate commerce. No other subject has been more affected by federal legislation and control.

TABLE OF CONTENTS

PART I.

PATENTS

CHAPTER I.

HISTORY OF THE DEVELOPMENT OF PATENT LAW.

SECTION		PART I—PAGE
1.	The law of patents	1
2.	Modern inventors	1
3.	Lord Bacon on invention	2
4.	The basis of the modern patent system	3
5.	Practice in patent law	3
6.	Patent law—Statutory but originating in custom	4
7.	The Hanseatic League	5
8.	The Hansards in England	5
9.	Letters patent in England	5
10.	Letters patent in this country	6
11.	English patents originally of two kinds	6
12.	The English Statute of Monopolies	7
13.	Colonial patents in this country	7
14.	Few patents granted until the nineteenth century	8
15.	The first patent act	8
16.	American patents originally issued without investigation	9
17.	The Patent Act of 1836	9
18.	The patent laws of foreign countries	10
19.	In the United States no use required and no taxes	10
20.	Slight presumption of validity of the United States patent	11
21.	The growth of American patents	11

CHAPTER II.

THE CONSTITUTIONAL AUTHORITY FOR PATENTS.

SECTION		PART I—PAGE
22.	The constitutional provision authorizing patents..	12
23.	Constitutional provision ineffective without legislation	12
24.	May states issue patents?	13
25.	Fundamental constitutional propositions — Grant must be for a limited time	13
26.	Patents can be granted to inventors only	14
27.	Difference between invention and discovery	14
28.	Morton's discovery of anaesthetics	15
29.	Morse's discovery of the telegraph	16
30.	What is invention?	16
31.	The creative act	20
32.	The means to accomplish the result the essence of the invention	20

CHAPTER III.

THE STATUTORY REQUISITES OF PATENTS.

33.	The subjects of patents under English law	22
34.	The subjects of patents under American law	23
35.	The present American statutes	23
36.	Requisites of patentable invention	24
37.	What is an art?	24
38.	Distinction between a patent for a process and for a principle	26
39.	Advantages of a process patent	27
40.	Patent for machines	27
41.	Difference between process and machine	28
42.	Patents for manufactures	29
43.	When a patent can be granted for process and manufacture	30
44.	Patents for composition of matter	31
45.	Patents for designs	33
46.	Ornamentation the test of the patentability of a design	33

SECTION PART I—PAGE
47. Invalidity of design patents issued for shape of articles of utility 34
48. Patents for improvements..... 36
49. Improvements in simple inventions and in combinations 37
50. An improvement a complete invention..... 37
51. Novelty 38
52. Novelty according to the patent law..... 38
53. Present test of novelty in this country..... 39
54. Knowledge or use in this country..... 40
55. Prior use must be complete..... 41
56. Prior patents or descriptions in printed publications 41
57. Prior patent must be public..... 42
58. Applicant prior patentee for same invention..... 42
59. Printed publications 43
60. Written and private publications immaterial..... 43
61. Publication sufficient if offered to public..... 44
62. Proof of date of publication..... 44
63. Previous invention must be identical..... 44
64. Description must be accurate..... 44
65. The date of invention..... 45
66. Utility 46
67. Inventions injurious to morals..... 48
68. The extent of utility immaterial..... 50
69. Question of utility difficult in suits on paper patents 50
70. Abandonment 51
71. Actual abandonment 51
72. Constructive abandonment 53
73. No abandonment of patent for non-user..... 54
74. Effect of foreign patents..... 54

CHAPTER IV.

APPLICATIONS FOR PATENTS.

75. Inventors only can apply for a patent..... 56
76. The Patent Office 57
77. Examinations in Patent Office..... 57

SECTION PART I—PAGE
78. Patent attorneys 58
79. Caveats 59
80. Form of applications..... 60
81. Requisites of oath of applicant..... 60
82. Applications for inventions already patented..... 61
83. Joinder of separate inventions in one patent..... 61
84. Requisites of specifications..... 62
85. Importance of accuracy in specifications..... 62
86. Importance of the claim..... 66
87. Claims must be precise..... 66
88. Drawings and models..... 67
89. Examination of applications..... 67
90. Appeals 68

CHAPTER V.

INTERFERENCES—GRANTS OF PATENTS—DISCLAIMERS—REISSUES.

91. Interferences 69
92. Effect of decision on interference..... 69
93. Grant of patents..... 70
94. The term of patents..... 70
95. Notice of patent stamped on patented articles..... 71
96. Penalties for stamping unpatented article..... 71
97. Disclaimers 71
98. Reissues 72
99. Broadened reissues 72
100. Suits while reissue pending..... 72
101. Effect of reissue on judgments..... 73
102. Date of reissued patent..... 73
103. Reissues for inventions not originally made..... 73

CHAPTER VI.

TRANSFER OF PATENTS—INFRINGEMENT.

104. Nature of property in patents..... 75
105. Assignments 75

SECTION PART I—PAGE
106. Grants 75
107. Licenses 76
108. Licenses not required to be recorded..... 76
109. Infringement 76
110. Infringement of machine patents..... 77
111. Infringement of combination patents..... 77
112. Primary and secondary inventions..... 77
113. Infringement of patents for compositions of matter and for designs 77
114. Contributory infringement 77
115. Right of patentee to impose restrictions..... 78

CHAPTER VII.

JURISDICTION OF COURTS IN PATENT CASES.

116. Jurisdiction of federal courts exclusive in patent suits 79
117. Jurisdiction of state courts exclusive in suits on contracts relating to patents..... 79
118. Actions for infringement..... 79
119. Actions at law and suits in equity for infringement.. 80
120. Actions at law for infringement..... 80
121. Suits in equity for infringement..... 80
122. Practice in equity suits..... 81
123. Preliminary injunctions 82
124. Damages 82
125. Suits in equity not maintainable after expiration of patent 82

Bibliography 83

Quiz Questions 85-89

PART II.

TRADEMARKS

CHAPTER I.

ORIGIN AND DEVELOPMENT OF TRADEMARK LAW.

SECTION		PART II—PAGE
1.	Definition of a trademark	1
2.	Trademark, patent and copyright distinguished	2
3.	Attributive and declaratory laws	3
4.	Is a trademark a monopoly?	4
5.	Early use of trademarks	4
6.	Instances of early use	5
7.	First English trademark cases	6
8.	Report of Thomas Jefferson	7
9.	Trademark law and cases in the United States prior to 1870	8
10.	Federal trademark laws of 1870-1881	9
11.	Law of 1905	10
12.	A trade name	11
13.	Unfair trade distinguished	11

CHAPTER II.

WHAT CONSTITUTES A TRADEMARK AND HOW IT IS ACQUIRED.

14.	General rule	13
15.	Some examples of well-known trademarks	14
16.	Generic terms	14
17.	Descriptive words	15
18.	Surnames	16
19.	Geographical terms	18
20.	Name of a patented article	19

SECTION PART II—PAGE
21. Words from foreign languages 21
22. Public insignia 22
23. Red Cross 22
24. Names of books and publications 23
25. Marks must not be deceptive 24
26. Use necessary 25
27. Affixing mark to goods 26
28. Assignment 26
29. Abandonment 27
30. Laches 28

CHAPTER III.

INFRINGEMENT.

31. General rule 29
32. Degree of similarity constituting infringement 29
33. Illustrative cases 30
34. No infringement unless used on same class of goods .. 32
35. Care required of purchasers 33
36. Different rule in trademark and unfair competition cases 34
37. Infringement may be determined by inspection 35
38. How infringement is prevented 35
39. Injunction 36
40. State courts 37
41. Federal courts 37

CHAPTER IV.

TRADEMARK REGISTRATION.

42. State registration 39
43. Federal Registration 39
44. Who may register 39
45. Statement 41
46. Declaration 42
47. Drawings and specimens 43

SECTION PART II—PAGE
48. Foreign applicants 44
49. Marks not registrable 45
50. Same subject 46
51. Concurrent Registration 47
52. Oppositions 47
53. Interferences 48
54. Cancellation 49
55. Fee, duration of certificate, and renewal 49

Quiz Questions 51-54

PART III.

COPYRIGHT

SECTION		PART III—PAGE
1.	Definition and nature of copyright	1
2.	Difference between copyright and a trademark	2
3.	Origin and development of copyright	3
4.	Common law right to unpublished works	4
5.	What may be copyrighted	4
6.	Same subject	5
7.	Works which may not be copyrighted	6
8.	Who may secure copyright	7
9.	How copyright is obtained	8
10.	Ad interim copyright	10
11.	Rights secured by copyright	11
12.	Publication	11
13.	Statutory protection for unpublished works	12
14.	Copyright notice	13
15.	Duration of copyright—Renewal	14
16.	Copyright fees	15
17.	Assignments	15
18.	Infringement of a copyright	16
19.	Courts having jurisdiction of copyright matters	17
20.	How infringement is prevented	17
21.	Copyright of prints and labels	18
22.	International copyright	19

Quiz Questions 21-22

PART IV.

ESTOPPEL

INTRODUCTION.

SECTION PART IV—PAGE

1. Definition of estoppel 1

CHAPTER I.

ESTOPPEL BY RECORD.

2. Estoppel by judgment 3
3. Judgment as a record 3
4. Judgment as res judicata 3
5. Final judgment 4
6. Identity of cause in issue 5
7. Identity of point in issue 5
8. Parties 6
9. Privies 8
10. Jurisdiction 9
11. Fraud 9
12. Judgments in rem 11
13. Foreign judgments 12

CHAPTER II.

ESTOPPEL BY DEED.

14. Basis of estoppel 15
15. Parties and privies 16
16. Extent of estoppel 17
17. Same subject—Continued 18
18. Title by estoppel 19
19. Effect of common law conveyances 19
20. Effect of common law warranty 21
21. Effect of modern conveyances 21
22. Estoppel between grantor and grantee 22
23. Between first and second grantee from same grantor. 23

CHAPTER III.

ESTOPPEL BY CONTRACT.

SECTION PART IV—PAGE
24. Basis of estoppel 25
25. Distinguished from estoppel by deed..... 26
26. Estoppel of corporations..... 26
27. Same subject—Continued 27
28. Negotiable instruments..... 28
29. Same subject—Continued 29
30. Receipts 30

CHAPTER IV.

ESTOPPEL BY MISREPRESENTATION.

31. Definition 31
32. Misrepresentation of fact..... 32
33. Same subject—Continued 33
34. The fact must be material..... 35
35. Misrepresentation need not be intentional..... 36
36. Must be reliance..... 38
37. Reliance must produce prejudice..... 39
38. Effect of estoppel..... 40

CHAPTER V.

QUASI-ESTOPPEL.

39. General principle 42
40. Election 42
41. Acceptance under will..... 43
42. Landlord and tenant 44
43. Bailor and bailee..... 46
44. Assignee 46

Bibliography 47

Quiz Questions 49-51

PART V.

ADMIRALTY LAW

CHAPTER I.

THE HISTORY AND DEVELOPMENT OF ADMIRALTY LAW.

SECTION		PART V—PAGE
1.	Nature of admiralty law	1
2.	Origin of admiralty law and courts	2
3.	The earliest admiralty codes	2
4.	Jurisdiction of the consular courts	3
5.	The origin of the English Court of Admiralty	4
6.	The former limited jurisdiction of the English Court of Admiralty	4
7.	The colonial admiralty courts	5

CHAPTER II.

THE JURISDICTION OF THE AMERICAN COURTS OF ADMIRALTY.

8.	The constitutional provision concerning admiralty law	7
9.	The American test of admiralty jurisdiction	8
10.	Vessels subject to admiralty jurisdiction	8
11.	The admiralty jurisdiction over contracts	9
12.	Admiralty jurisdiction over torts	10
13.	Injuries to crew or passengers	10
14.	Liability for injuries causing death	11
15.	Collisions	12
16.	Jurisdiction of liens for repairs and supplies	12
17.	The act authorizing a lien for supplies in a domestic port	13
18.	Bottomry and respondentia bonds	14

CHAPTER III.

THE OWNERSHIP OF VESSELS.

SECTION PART V—PAGE
19. The transfer of vessels 15
20. The use of vessels 15
21. Limitation of liability 15
22. Maritime liens 17
23. Mortgages 18
24. Contracts of affreightment 18
25. Contract of affreightment an entire contract 20
26. When a ship is a common carrier 20
27. Bills of lading 20
28. Charter parties 21
29. The Harter Act 22

CHAPTER IV.

THE NAVIGATION OF VESSELS.

30. Stevedores 24
31. Seamen 24
32. Towage 26
33. General average 26
34. Marine insurance 27
35. Total and partial loss 28
36. Salvage 29
37. The salvage award 30
38. Collisions 31
39. Principles governing the rule of the road at sea 31
40. Damages in collision cases 32
41. Suits in admiralty 32
42. Practice in admiralty 33

Bibliography 34

Quiz Questions 35-36

PART VI.

CONFLICT OF LAWS

CHAPTER I.

INTRODUCTORY.

SECTION		PART VI—PAGE
1.	General scope of the subject	1
2.	Meaning of the word "conflict"	2
3.	Each of the American states a legal unit	3
4.	Origin of law—Tribal and territorial law	3
5.	Introduction of law by settlement	4
6.	Change of law	5
7.	Meaning of the "general law" or the "general common law"	6

CHAPTER II.

JURISDICTION.

A. Jurisdiction Over Persons—Domicile.

8.	Temporary presence within the territory	8
9.	Jurisdiction based upon consent	8
10.	Domicile—Domicile of origin and domicile of choice	9
11.	Change of domicile	10
12.	Abandonment of home—Freedom of choice	11
13.	Having more than one home—Difficulty as to boundary lines	12
14.	Change of domicile by others	13
15.	Domicile for divorce—Change of domicile by agent	14
16.	Jurisdiction based on domicile	15
17.	Effect of writ of error or appeal on jurisdiction	16

B. Jurisdiction Over Property.

SECTION PART VI—PAGE

18. Extent of jurisdiction—Extent of exercise of jurisdiction 17
19. Determining rights in property against all the world 17
20. Foreign attachment 19
21. Garnishment 21

C. Taxation.

22. Taxation of movable property..... 22
23. Movables en route on taxing day..... 23
24. Taxation of choses in action..... 25

D. Jurisdiction for Divorce.

25. Jurisdiction based on domicile, not on the person... 26
26. Divided domicile 27

CHAPTER III.

CREATION OF PERSONAL RIGHTS.

27. The general doctrine..... 29
28. Capacity to contract..... 29
29. Capacity to marry..... 30
30. Turkish marriages—Indian marriages..... 31
31. Divorce with provision against remarriage..... 31
32. Attempts to evade the marriage laws of the domicile 33
33. Marriage on the high seas..... 34
34. Legitimacy 35
35. Adoption 36

CHAPTER IV.

CREATION OF PROPERTY RIGHTS AND INHERITANCE.

A. Property Rights.

36. Realty and personalty—Immovables and movables.. 37
37. Immovables 37
38. Movables 38

SECTION PART VI—PAGE

39. Movables carried to a different state..... 38
40. Corporation stock—Choses in action..... 40
41. Trusts—Express and resulting trusts..... 41
42. Trusts as a matter of remedy..... 42
43. Specific performance as a right and as a remedy.... 43
44. Marital property—Continental and English law.... 44
45. Marital property—American law—Immovables..... 45
46. Marital property—American law—Movables..... 45

B. Inheritance.

47. Intestate succession—Immovables..... 46
48. Intestate succession—Movables..... 47
49. Testate succession—Immovables 48
50. Testate succession—Movables 48
51. Revocation of wills..... 49
52. Interpretation of wills..... 50
53. Execution of powers..... 50

CHAPTER V.

CREATION OF TORT AND CONTRACT RIGHTS.

A. Tort Rights.

54. The lex loci actus (the law of the place where the act occurred) 52
55. Machado v. Fontes..... 53
56. Measure of damages—Action for wrongful death.. 54

B. Contract Rights.

57. Place of contracting..... 55
58. Place of contracting—Capacity..... 57
59. Contracts made by agents—Ratification..... 58
60. Bilateral contracts—Mail and telegraph..... 59
61. Formalities 60
62. Other matters affecting validity..... 61
63. Usurious contracts 62
64. "The law intended by the parties to govern"..... 63

SECTION PART VI—PAGE

65. Interpretation 65
66. Effect of acts connected with contracts—Partnership and agency 66
67. Performance 67
68. Same subject 68
69. Discharge 69
70. Discharge in bankruptcy 71

CHAPTER VI.

RECOGNITION AND ENFORCEMENT OF RIGHTS.

71. General doctrine 73

A. Remedies.

72. Right of foreigners to sue 73
73. Local and transitory causes of action 74
74. Procedure—Arrest for debt 76
75. Same subject—Statutes of limitation and conditional limitation 77
76. Same subject—Rules of evidence 78
77. Same subject—Other examples 79

B. Personal Relations.

78. Capacity—Slavery 80
79. Incapacity inflicted as a penalty—Capacity to sue ... 81
80. "Marriage valid where celebrated valid everywhere" 83
81. Marriage—Divorce from a polygamous marriage ... 84
82. Legitimacy—Descent of English land 85
83. Same subject—Interpretation of the word "child" or "son" 86
84. Adoption 86
85. Guardianship 87

C. Property and Inheritance.

86. Enforcement of property rights 89
87. The title of an administrator 90
88. Suit by and against an administrator 91

CHAPTER VII.

RECOGNITION AND ENFORCEMENT OF RIGHTS. (Continued.)

A. Administration of Decedents' Estates.

SECTION		PART VI—PAGE
89.	Principal and ancillary administrations	94
90.	Accountability of administrators	95
91.	Collection of choses in action—Simple debts	96
92.	Collection of bills and notes	97
93.	The right of creditors to prove	98
94.	Distribution	99

B. Estates in the Hands of Receivers.

95.	Appointment of a receiver	101
96.	Power of a receiver to sue in a foreign jurisdiction	102
97.	Suits against a receiver	104

C. Judgments.

98.	Requisites of a judgment	105
99.	Execution of a judgment—Suit on a foreign judgment	106
100.	A judgment as res judicata	108
101.	Jurisdictional facts not res judicata	109
Bibliography		111
Quiz Questions		113-119

PART VII.

INTERSTATE COMMERCE

CHAPTER I.

WHAT IS INTERSTATE COMMERCE.

SECTION		PART VII—PAGE
1.	The commerce clause	1
2.	What is commerce	3
3.	Scope of commerce	5
4.	Social intercourse	6
5.	When is commerce "interstate"?	7
6.	Insurance	10
7.	Production	10
8.	Corporations	10

CHAPTER II.

WHERE THE POWER TO REGULATE RESIDES.

9.	Has Congress sole or superior power?	12
10.	Phases of commerce	12
11.	Rules as to control of national and local phases	13
12.	Examples of local phases	14
13.	Examples of national phases	16
14.	Same subject—Interstate transportation	17
15.	Same subject—Rate regulation	18

CHAPTER III.

SAME SUBJECT: POWER OF THE STATES.

16.	State regulation of interstate commerce	19
17.	Same subject—Rate regulation	20

SECTION PART VII—PAGE
18. No distinction between state common law and statutes 22
19. A common law regulation held valid..... 23
20. Statute requiring separate accommodation of races.. 24
21. Statutes held burdensome and unburdensome..... 25
22. State and interstate phases of a business..... 26

CHAPTER IV.

WHEN INTERSTATE CHARACTER BEGINS AND ENDS.

23. Commerce clause as a restriction on states' power over property 28
24. Coe v. Errol..... 29
25. State exclusiveness forbidden 29
26. Loss of interstate commerce character—Ordinary taxation 31
27. State or interstate rates applicable..... 32
28. Same subject—Rule stated 34
29. Loss of interstate character—Prohibition of sales.... 35
30. Imported goods—Original package doctrine..... 37
31. The doctrine extended 38
32. What is an original package..... 38
33. Same subject—Austin v. Tennessee..... 39

CHAPTER V.

STATE POLICE POWER AND INTERSTATE COMMERCE.

34. State police power limited..... 42
35. Intoxicating liquors 43
36. Wilson Act 45
37. The Webb Act 45
38. Constitutionality of Wilson and Webb Acts—Eighteenth Amendment 46
39. Police power—Later cases 47

CHAPTER VI.

NATIONAL LEGISLATION AND LEGISLATIVE POWER.

40. Scope and effect 49
41. Safety rules for highways of interstate commerce.... 50

SECTION PART VII—PAGE
42. Same subject—Safety Appliance Act..... 51
43. Employer's Liability Act 53
44. White Slave Traffic Act..... 54
45. Pure Food and Drugs Act..... 56
46. Minnesota Rate Cases 57

Bibliography 58

Quiz Questions 59-62

PART I

PATENTS

BY

GEORGE C. HOLT, A.B., LL.B., LL.D.*

CHAPTER I.

HISTORY OF THE DEVELOPMENT OF PATENT LAW.

1. **The law of patents.**—The law of patents is one of the most important and interesting branches of law. It deals with the work of inventors, many of whom are among the foremost men of the age. Invention in its modern sense began with the development of modern machinery. The early inventors in many cases were men of some ingenuity, who devised comparatively simple machines or appliances. But most of the useful arts in which machinery or processes are employed have now reached a stage of elaborate development, and most of the inventions which are now patented are steps or improvements in arts which have already been elaborated to a very high degree.

2. **Modern inventors.**—The great modern inventor is a man with a rare intellectual combination. He should have, in the first place, a thorough general scientific knowledge. He must have a complete mastery of the particular art in which he is attempting

* Former United States District Judge, Southern District of New York. Lecturer on the Law of Patents, Columbia University.

improvements. He must be a patient and accurate investigator, capable of trying experiment after experiment. He must be a man of a sound judgment, which appreciates correctly the value of an experiment, recognizes alike what is suggestive and what is useless, and which prevents him from being led away in pursuit of a plausible but useless idea. Combined with all these sterling qualities, he must have a brilliant imagination, which enables him to construct in his mind things hitherto unconstructed, and to vary them within all the range of possibility of variation. Such men are rare, and the things which they have accomplished are among the greatest intellectual achievements of mankind. They are the chief cause of the advance of modern civilization. If their great achievements, such as the steam engine, steam vessels, the railroad, the telegraph, the telephone, the phonograph, the electric dynamo, the electric light, the X-ray, radium, anaesthetics, antiseptic surgery, and other like great inventions, never had been accomplished, the world as it exists today would have been impossible and the daily life of the people of the world absolutely different.

3. **Lord Bacon on invention.**—Lord Bacon in an age before modern invention had really begun, said: "The introduction of great inventions appears one of the most distinguished of human actions, and the ancients so considered it; for they assigned divine honors to the authors of inventions, but only heroic honors to those who displayed civil merit; such as the founders of cities and empires, legislators, the deliverers of their country from lasting misfortunes, the

quellers of tyrants, and the like. And if any one rightly compare them, he will find the judgment of antiquity to be correct; for the benefits derived from inventions may extend to mankind in general, but civil benefits to particular lands alone; the latter, moreover, last but for a time, the former forever. Civil reformation seldom is carried on without violence and confusion, while inventions are a blessing and a benefit without injuring or afflicting any.'"[1]

4. **The basis of the modern patent system.**—The whole system of patents is based upon the importance of encouraging inventions by making them remunerative to inventors, and of giving the public accurate knowledge of new inventions, so that they can be used by all people after the expiration of the patent.

5. **Practice in patent law.**—Practice in patent law is generally regarded in the legal profession as a specialty. Many lawyers never practice in patent cases, and many patent lawyers engage in no other business. The practice has many attractions. In the first place it is a very remunerative kind of practice. Most owners of patents, whether they are original patentees or purchasers from patentees, have a sanguine faith in the value of the patent, and are usually willing to pay liberally for professional services in patent litigation. The patent practice, too, is essentially interesting, particularly to a person with a natural aptitude for mechanics, electricity, chemistry, and the various scientific elements employed in the useful arts. Moreover, some general knowledge of patent law is desirable for the general practitioner, not only

[1] Novum Organum, Book I, § CXXIX.

because every lawyer should have a fair knowledge of every branch of law, but because the constant increase in the modern use of steam, electricity and chemistry, in combination with machinery, makes knowledge of them and of the laws relating to their operation important to every general practitioner.

6. **Patent law—Statutory but originating in custom.**—The patent law of this country is usually regarded as wholly statutory. But in fact it took its origin in custom. All law originates in custom, as is elaborately shown in such books as James C. Carter's Lectures on the Origin of Law, Prof. Sumner's Folkways, and Maine's Ancient Law; but such origin in the case of patent law is not at first obvious. The real origin of patents was in the monopolies created by the guilds of the Middle Ages. After the fall of the feudal system, and the rise of monarchial institutions in Europe in its place, people at first congregated in cities, as cities were the only safe places where tradesmen could live and carry on the manufacture of things. As time passed, commerce developed. With the development of the different crafts, craftsmen's guilds were formed, very much as trades unions have been formed in modern times, each aiming originally for coöperation and mutual benefit, and ultimately for monopoly. As commerce developed in each of the cities which constituted ports, merchant companies were organized, very much like our Chambers of Commerce, each also aiming originally for coöperation and mutual assistance among merchants, and often ultimately striving for and establishing monopoly.

7. **The Hanseatic League.**—After these organizations had become developed, leagues arose, the most famous of which was called the League of the Hanse Towns, or the Hanseatic League. This was at first a league of the guilds in two cities. Others then joined and ultimately nearly a hundred cities were included. It had a diet of delegates exercising substantially legislative power, a great merchant fleet, protected by a great armed fleet, and an enormous trade all over the world. It became at one time one of the most powerful combinations in Europe. This league was at first favored in most European countries, and the guilds in the league obtained many charters and grants conferring trading monopolies from the different monarchs of Europe.

8. **The Hansards in England.**—In England, in the time of Henry III (1261), the citizens of the Hanse Towns were encouraged to settle in England in order to introduce their arts and trades there, and did so largely. The foreign trade of England fell almost entirely into their hands, and so continued until about the reign of Edward VI (1561), when the privileges of the Hansards began to be recalled. Thereafter the custom grew up of granting monopolies to English companies to encourage trade. The practice of granting monopolies for a proper purpose having been established, the idea was soon developed of granting monopolies to reward royal favorites, and then to raise money for the royal treasury.

9. **Letters patent in England.**—These monopolies were granted by letters patent. Letters patent (*literae patentes*) and writs close (*literae clau-*

sae) were the two forms of grants by the English Sovereign. Letters patent ran "to all to whom these presents shall come, greeting." They were recorded in the patent rolls, open to public inspection. Writs close were originally private grants, running to the grantee. They were recorded in the close rolls, not open to public inspection. The distinction now is arbitrary, one form being used for certain grants, and the other for others. Letters patent became early and are now the form of grant principally used. Grants of lands, dignities, offices, titles and monopolies were usually made by letters patent.

10. **Letters patent in this country.**—The term "letters patent" is the term used in this country for grants made by the government. Grants of land are called land patents, but the term "patents," particularly in the eastern part of the country, is usually applied to patents issued to inventors.

11. **English patents originally of two kinds.**—The monopolies originally granted by the English Sovereigns were of two kinds: one, exclusive grants conferred on inventors of new methods of manufacture, or on the introducers of new trades; the other, exclusive grants to individuals or corporations to manufacture, sell or deal in any common commodity or necessity of life, thereby restricting trade. It was always admitted in England that the first kind of monopoly was legal; and it was always claimed by many that the second was illegal. Grants of monopolies to royal favorites, or for the purpose of raising money for the royal exchequer without an appeal to Parliament, grew common under Queen Elizabeth,

and became the subject of great popular opprobrium; then bills were introduced into Parliament to abolish them. Without waiting for the action of Parliament, the Queen abandoned them, promised to cease granting them, and in some cases abolished those that had been granted. James I revived them in as odious forms as before, and Parliament, in 1623, enacted the famous statute called the Statute of Monopolies, declaring them illegal.

12. **The English Statute of Monopolies.**—This statute excepted from its operation patents for new inventions and for the introduction of new manufactures into England. Such patents were authorized for a term of fourteen years or under. This exception in the Statute of Monopolies has been the foundation of the English system of patents. Under this exception patents continued to be granted in England occasionally during the 17th and 18th centuries, but the general public hostility to monopolies caused even patents for inventions to be regarded by the English public with hostility for many years, and this public hostility was reflected to a considerable extent in the decisions of the courts. . Patents for inventions down to the last century were very strictly construed by the English courts.

13. **Colonial patents in this country.**—In this country patents for inventions were issued by the colonial governments from the beginning. The earliest patent issued in this country was granted by the General Court of the Massachusetts Bay Colony in 1641 to Samuel Winslow for a process of manufacturing salt. The term of the patent was ten years,

and the grant was conditioned on works being established within one year. In 1656 the Massachusetts Bay Colony granted a patent to John Winthrop, son of Governor Winthrop, granting him the sole privilege of manufacturing salt after his particular method for twenty years. Massachusetts, Connecticut and Pennsylvania were the principal colonies of the original thirteen which granted patents. The Articles of Confederation, adopted in 1776, contained no provisions for the grant of patents by the confederation, and the states continued to grant patents until the adoption of the Constitution. In 1785 James Rumsey obtained patents from Maryland, Virginia, Pennsylvania and New York, for a new type of boat, which the previous year had had a public trial on the Potomac, at which George Washington was present.

14. **Few patents granted until the nineteenth century.**—Few patents were granted in England or this country prior to the 19th century. Machinery could not be used on a large scale until the invention of an adequate motive power. It was the practical perfection of the steam engine by James Watt, about 1784, a few years before the Constitution was adopted, which made possible the commercial use of machinery on a large scale, and was the great incentive to modern invention. Therefore the American patent system, based on the constitutional provision authorizing patents for inventions, and the legislation of Congress based upon it, went into effect just as the need for such a system became urgent.

15. **The first patent act.**—The first patent act was passed in 1790, the year after the Constitution was

adopted. The first patent issued by the United States was dated July 31, 1790, and was granted to Samuel Hopkins for a new process for making pot and pearl ashes. It was signed by George Washington, President; Thomas Jefferson, Secretary of State, and Edmund Randolph, Attorney General. That patent, if now existing, would have considerable value for its autographs. All the earlier patents were signed by the President, and were usually endorsed on vellum in folio size, and bore the Great Seal of the United States.

16. **American patents originally issued without investigation.**—The system established by the original patent act and its amendments, down to 1836, provided for the issue of a patent upon the filing of an affidavit by the applicant that he was the original inventor, without any investigation by any government official. Until 1836, the term of a patent was fourteen years. An act passed in 1832 required actual use of a patent within one year. This act was repealed in 1836.

17. **The Patent Act of 1836.**—The Act of 1836 made extensive changes in the patent laws. It authorized the appointment of commissioners and examiners of patents. It required that all applications for patents should be examined in the Patent Office, and an investigation there made of the validity of the application before it should be granted. That act extended the time of a patent to seventeen years. The Act of 1836, with some amendments, was substantially reënacted in the Revised Statutes of 1872, and the general system established by the Act of 1836

has substantially continued, with its various amendments, down to the present time.

18. **The patent laws of foreign countries.**—In the following countries patents are issued to an applicant without any examination as to novelty or validity: France, Belgium, Italy and Spain. In the following countries such examinations are made before issuing a patent: Germany, Austria, Norway, Sweden and Australia. In Great Britain, prior to 1875, patents were issued upon application, without examination, but since 1875, an examination is made. The patent law of Holland has been in force since June 1, 1912. Since then China has the distinction of being the only country having no patent laws. In the following countries, patents must be worked after a certain time or be forfeited: Belgium, after one year; France and Italy, after two years; Germany, Austria, Spain, Switzerland, Norway, after three years; Russia, after five years; Australia compels licenses to be given if patents are not worked within two years. In the following countries, taxes are imposed on patents as follows: In Belgium, Italy, Russia, Spain, Switzerland, Norway, Sweden and Denmark an annual tax is imposed; in Germany an annual progressive tax is imposed; in Great Britain an annual tax is imposed after four years, and in Australia after six years. In most of these countries the patentee can avoid the tax by surrendering the patent.

19. **In the United States no use required and no taxes.**—In the United States no use of the patent has been required, with the exception of the period from 1832 to 1836. A patentee can simply lock up

his patent for the seventeen years during which he has a monopoly of the invention, and neither use it himself nor allow others to use it. No tax on patents has ever been imposed by the laws of the United States.

20. **Slight presumption of validity of the United States patent.**—The examination in the Patent Office is usually a thorough one and the issuance of a patent after such examination gives rise to some presumption of its validity in the courts. But in a suit involving the validity of a patent the American courts do not give great weight to the fact of the grant of the patent, but investigate the question of its validity almost as freely as in those countries in which a patent is issued without any preliminary examination.

21. **The growth of American patents.**—The following is a statement by even thousands showing the development of patents in this country:

Patents issued from 1790 to 1836.....	9,907
Patents issued from 1790 to 1850.....	16,937
Patents issued from 1790 to 1860.....	26,000
Patents issued from 1790 to 1870.....	98,000
Patents issued from 1790 to 1880.....	223,000
Patents issued from 1790 to 1890.....	418,000
Patents issued from 1790 to 1900.....	640,000
Patents issued from 1790 to 1910.....	945,000
Patents issued from 1790 to 1912.....	1,000,000
Patents issued from 1790 to 1935.....	2,000,000
Patents issued from 1790 to 1950.....	2,500,000

CHAPTER II.

THE CONSTITUTIONAL AUTHORITY FOR PATENTS.

22. **The constitutional provision authorizing patents.**—The right of the government to issue patents depends entirely on the provisions of the Constitution and the acts of Congress. The constitutional provision authorizing Congress to issue patents for inventions is as follows: "The Congress shall have power * * * To promote the progress of science and useful arts by securing for limited times, to authors and inventors, the exclusive right to their respective writings and discoveries."[2]

Omitting the parts relating to authors, who have always been treated as a separate class, and who are protected by the statutes relating to copyrights, the provision reads thus: "The Congress shall have power to promote the progress of science and useful arts by securing for limited times to inventors the exclusive right to their discoveries."

23. **Constitutional provision ineffective without legislation.**—This provision obviously is not effective without legislation. The constitutional provision cannot execute itself. It provides by its terms that the power to execute it shall be in Congress. It is, therefore, entirely optional with Congress whether to authorize the issue of patents for inventions at all.

[2] Constitution, Art. I, § 8.

It can provide for what inventions patents may be issued. None may be issued except for such inventions as Congress has determined to be entitled to a patent. Congress could abolish the entire patent system at any time.

24. **May states issue patents?**—The question whether states may still issue patents is practically academic. Probably none have been applied for since the federal patent law was adopted, for the advantages of a patent issued by the federal government are obviously far greater than would be those of one issued by a state. Undoubtedly, if Congress had never created any patent system, the states could still issue patents, as the colonies did before the adoption of the Constitution, but Congress having created a patent system, the general rule would probably be held to be applicable that where Congress is authorized by the Constitution to exercise a power which is also within the jurisdiction of the states, the exercise of that power by Congress supersedes the authority of the state to act, as in the case of bankrupt laws, and other similar cases. But probably the question will never be raised in the courts.

25. **Fundamental constitutional propositions — Grant must be for a limited time.**—Certain fundamental propositions are established by the language of the constitutional provision itself. The exclusive rights secured by patents must be for limited times. An act of Congress granting a patent for an unlimited time would be unconstitutional. While Congress has a large discretion in respect to the length of time for which a patent may be granted, probably a patent

for an obviously unreasonable term, would be declared unconstitutional.

26. **Patents can be granted to inventors only.**—Congress can authorize the grant of patents to inventors only. The English patent system, based on the exception in the Statute of Monopolies, authorizes patents for new inventions, and also for the introduction of new manufactures into England, but under the patent system of the United States, no patent can be granted to a person who simply introduces into this country from a foreign country something for which, if he had invented it, he could obtain a patent. The old English idea of rewarding an Englishman who introduced a new art into England from the Continent, with a monopoly of the art for a term of years, never has been followed in this country. No patent has been issued in the United States except to an inventor or to an assignee of an inventor.

27. **Difference between invention and discovery.**—There is a wide difference of meaning in the patent law between the words "invention" and "discovery." The meaning suggested by the derivation of the words is substantially similar. Invention, according to its derivation, is the coming upon a thing; discovery is the uncovering of a thing. But there is a distinction between the words recognized in ordinary use, invention usually involving the idea of creation, and discovery the idea, not of creation, but of the ascertainment of an existing fact. This is the distinction between the terms under the patent law. Invention under the patent law is the creation of a new thing, discovery the ascertainment of an existing

thing. The term "discoveries" mentioned in the constitutional provision means the discoveries of inventors, i. e., inventions. The mere discovery of an existing thing, such as an original principle or force of nature, is not patentable.

28. **Morton's discovery of anaesthetics.**—For instance, Morton discovered the capacity of ether to render persons under the influence of it insensible to pain, and took out a patent for its discovery. Ether as a substance was known, and the fact that when inhaled it caused persons to pass into a condition like a sleep or trance was known. But Morton discovered that it rendered a person, while in such a trance-like condition, insensible to pain. His discovery was one of the most important discoveries ever made, but the court held that it was not the subject of a patent, on the ground that it involved no invention but was merely a discovery of a natural force in an element of nature.

Judge Shipman, in his opinion in that case, says: "In its naked, ordinary sense, a discovery is not patentable. A discovery of a new principle, force, or law, operating, or which can be made to operate, on matter, will not entitle the discoverer to a patent. It is only where the explorer has gone beyond the mere domain of discovery, and has laid hold of a new principle, force, or law, and connected it with some particular medium or mechanical contrivance, by which, or through which, it acts on the material world, that he can secure the exclusive control of it under the Patent Act. He then controls his discovery through the means by which he has brought it into

practical action, or their equivalent, and only through them. It is then an invention, although it embraces a discovery. Sever the force or principle discovered from the means or mechanism through which he has brought it into the domain of invention, and it immediately falls out of that domain and eludes his grasp. It is then a naked discovery, and not an invention."[3]

29. **Morse's discovery of the telegraph.**—Another great invention was that of the electric telegraph by Professor Morse. In the patent which he took out for his invention, he included in the eighth claim a claim of the principle of electromagnetism. Although his patent was allowed for the apparatus by which he gave his discovery effect, the Supreme Court disallowed the eighth claim in his patent on the ground that it was a claim to monopolize a force of nature.[4]

30. **What is invention?**—The question as to what is an invention within the meaning of the Constitution depends upon the question, what is invention? Every invention, within the meaning of the Constitution and the patent laws, involves two elements: first, an idea conceived by the inventor; second, an application of that idea to the production of a practical result. Both elements are necessary. An unapplied idea is not invention within the meaning of the patent law. An applied idea of another is not invention within the meaning of the patent law. The inventor must have created the idea and then applied it to

[3] Morton v. N. Y. Eye Infirmary, 5 Blatchf. 116 (U. S.).
[4] O'Reilly v. Morse, 15 How. 62 (U. S.).

the production of a concrete result. The natural faculties, therefore, employed in invention are the creative, and not the imitative faculties. . There is a fundamental distinction between invention and the ideas naturally suggested to a mechanic skilled in an art. The natural capacity of a mechanic skilled in an art to make use of his knowledge for the purpose of devising equivalent means or processes is not invention. There must be a creation, by a conscious intellectual act or process, of something not before existing to constitute invention.

In McClurg v. Kingsland,[5] the question was of the validity of a patent for a method of casting iron rolls or cylinders. In casting rolls or cylinders it is, of course, important to have the surface of the cylinders smooth, and for that purpose to concentrate the slag or dross which exists in all cast iron, in the center of the roll to prevent it from settling on the surface. Prior to the patent the molten metal was poured into the mould through a gate or pipe placed in a horizontal or perpendicular position, and the molten iron was stirred so as to give it a circular motion, thus driving the dross into the center. The invention patented consisted of a process by which the metal entered the mould slanting in a direction approaching to a tangent of the cylinder, with the result of giving a rotary motion to the molten metal as it entered the mould, which drove the dross into the center. The patent was held valid as a process on the ground that it was a patent for a process, notwithstanding the fact that the process simply utilized

[5] 1 How. 202 (U.S.).

the centrifugal tendency of a liquid when given a rotary motion.

In Tilghman v. Proctor,[6] Chevreul discovered, in 1813, that fat is a regular chemical compound, consisting of glycerine and certain fat acids, and that the fat can be separated into its component parts by causing them to unite with an atomic equivalent of water. This separation, however, could only be accomplished by laboratory processes, and not on a commercial scale. In 1853 Tilghman discovered that the acid elements of fat can be separated from glycerine without injuring the latter, by mixing the fat with water, and then subjecting the mixture to a high degree of heat, and at the same time to such a degree of pressure as will prevent the conversion of the water into steam. Tilghman devised an apparatus to accomplish this process, and took out a patent. It was held to be a valid patent for a process.

In the Telephone Cases,[7] string telephones had long been known. Faraday discovered in 1831 that when an armature is moved in front of an electromagnet magnetized by an electric current passing through its coil, the motion modifies the current. Bell mounted two diaphragms substantially like those in string telephones on two armatures, arranged as above described, and found that one transmitted and the other received the minute vibrations caused in the air by the human voice or by sounds. Bell took out a patent which was held valid both for the process and for his apparatus for producing the result.

[6] 102 U. S. 707.
[7] 126 U. S. 1.

It is not invention to produce a thing which any skillful mechanic could produce. In Atlantic Works v. Brady,[8] Judge Bradley says: "The process of development in manufactures creates a constant demand for new appliances, which the skill of ordinary head-workmen and engineers is generally adequate to devise, and which, indeed, are the natural and proper outgrowth of such development. Each step forward prepares the way for the next, and each is usually taken by spontaneous trials and attempts in a hundred different places. To grant to a single party a monopoly of every slight advance made, except where the exercise of invention, somewhat above ordinary mechanical or engineering skill, is distinctly shown, is unjust in principle and injurious in its consequences.

"The design of the patent laws is to reward those who make some substantial discovery or invention, which adds to our knowledge and makes a step in advance in the useful arts. Such inventors are worthy of all favor. It was never the object of those laws to grant a monopoly for every trifling device, every shadow of a shade of an idea, which would naturally and spontaneously occur to any skilled mechanic or operator in the ordinary progress of manufactures. Such an indiscriminate creation of exclusive privileges tends rather to obstruct than to stimulate invention. It creates a class of speculative schemers who make it their business to watch the advancing wave of improvement, and gather its foam in the form of patented monopolies, which enable them to lay a heavy tax upon the industry of the country, without

[8] 107 U. S. 192.

contributing anything to the real advancement of the arts. It embarrasses the honest pursuit of business with fears and apprehensions of concealed liens and unknown liabilities to lawsuits and vexatious accountings for profits made in good faith."

It is not invention to add to the excellence of the workmanship of a thing, or to substitute superior for inferior materials, or ordinarily to enlarge or diminish the size of a machine or thing patented, but when the change of size accomplishes some novel effect it may be patented.

31. **The creative act.**—The mental part of the creative act necessary to invention may be complete, whether it is the result of prolonged mental action or instantaneous. An inventor can get suggestions and aid from others provided the creative act of the invention is his own. An idea of trivial value may constitute invention if it is essentially creative, but the fact that a change in an existing thing is trivial may constitute evidence tending to show no invention.

32. **The means to accomplish the result the essence of the invention.**—The end or thing accomplished is not the invention, within the meaning of the patent law. It is common to speak of a thing made in conformity with the provisions of a patent as a patented thing; as, for instance, a patented gun or a patented reaper. But strictly, the subject of the patent is not the gun or the reaper. The thing patented is the new idea pursuant to which the article is constructed. The means for accomplishing the end is the essence of the invention. But invention in the sense of the patent laws does not exist until the cre-

ated idea is reduced to a practical result. A written description, even if accompanied by drawings and models, so that any person skilled in the art could from them construct the thing invented, is not necessarily sufficient. Even an application for a patent in proper form is not sufficient, because such an application is kept secret in the Patent Office. But the actual grant of a valid patent is usually sufficient, without the thing invented having been actually constructed.

CHAPTER III.

THE STATUTORY REQUISITES OF PATENTS.

33. **The subjects of patents under English law.**—The exception in the Statute of Monopolies authorizing English patents provides only for patents for manufactures or for the introduction of manufactures from abroad.

The English statute, after prohibiting generally all monopolies, contains in the fifth section a provision that the prohibition "shall not extend to any letters patent and grants of privilege, for the term of one and twenty years or under, heretofore made of the sole working or making of any manner of new manufactures within this realm, to the first and true inventor or inventors of such manufactures, which others, at the time of the making of such letters patent and grants, did not use, so they be not contrary to the law, nor mischievous to the state, by raising of the price of commodities at home, or hurt of trade, or generally inconvenient." The sixth section also excepted letters patent and grants of privilege "for the term of fourteen years or under, hereafter to be made, of the sole working or making of any manner of new manufactures within this realm." The English courts have construed the term "manufactures," as used in these provisions of the statute, to mean almost every subject of invention.

34. **The subjects of patents under American law.**—The Act of Congress of 1790 authorized patents to be issued for "any useful art, manufacture, engine, machine, or device, or any improvement thereon." The Act of 1793 describes a patentable invention as "any new and useful art, machine, manufacture, or composition of matter, or any new and useful improvement" on the subject. The Act of 1842 authorizes a patent for "any new and original design" for a manufacture or to be worked into or imprinted on a manufacture. This classification has remained substantially unchanged.

35. **The present American statutes.**—The statutes now in force fall under Title 35, U.S. Code. Sec. 31 of this title follows:

"Any person who has invented or discovered any new and useful art, machine, manufacture, or composition of matter, or any new and useful improvements therefor, or who has invented or discovered and asexually reproduced any distinct and new variety of plant, other than a tuber-propagated plant, not known or used by others in this country, before his invention or discovery thereof, and not patented or described in any printed publication in this or any foreign country, before his invention or discovery thereof, or more than one year prior to his application, and not in public use or on sale in this country for more than one year prior to his application, unless the same is proved to have been abandoned, may, upon payment of the fees required by law, and other due proceeding had, obtain a patent therefor."

Section 73 authorizes the grant of a patent to any

person who has invented any "new, original and ornamental design for an article of manufacture, subject to the same conditions as are stated in § 31."

36. **Requisites of patentable invention.**—1. A patentable invention, therefore, in addition to the requisite of invention, which has been already discussed, must be: (1) an art, or (2) a machine, or (3) a manufacture, or (4) a composition of matter, or (5) a design; or an improvement of an art, machine, manufacture, composition, or design.

2. It must be new.

3. It must be useful.

4. It must have been not known or used by others in this country before the invention or discovery thereof here.

5. It must have been not patented or described in any printed publication in this or any foreign country before the invention or discovery thereof here, or more than one year prior to the application here for a patent.

6. It must have been not in public use or on sale in this country for more than one year prior to the application.

7. It must have been not abandoned.

8. If a design, it must be new, original, and ornamental.

There are, therefore, five classes of inventions for which patents are authorized to be issued in this country: an art; a machine; a manufacture; a composition of matter; and a design.

37. **What is an art?**—An art is an act or series of acts performed by some physical agent upon some

physical object, producing in such object some change in character or condition. The term "art" in the patent law is equivalent to process. In Cochrane v. Deener,[9] Mr. Justice Bradley states:

"A process is a mode of treatment of certain materials to produce a given result. It is an act, or a series of acts, performed upon the subject-matter to be transformed and reduced to a different state or thing. If new and useful, it is just as patentable as is a piece of machinery. In the language of the patent law, it is an art."

In Carnegie Steel Co. v. Cambria Iron Co.,[10] Justice Brown, in the opinion, says:

"A process patent, such as that of Jones, is not anticipated by mechanism which might with slight alterations have been adapted to carry out that process, unless, at least, such use of it would have occurred to one whose duty it was to make practical use of the mechanism described. In other words, a process patent can only be anticipated by a similar process. A mechanical patent is anticipated by a prior device of like construction and capable of performing the same function; but it is otherwise with a process patent. The mere possession of an instrument or piece of mechanism contains no suggestion whatever of all the possible processes to which it may be adapted. Fermentation Co v. Maus, 122 U. S. 413, 428. If the mere fact that a prior device might be made effective for the carrying on of a particular process were sufficient to anticipate such process, the absurd result

[9] 94 U. S. 788.
[10] 185 U. S. 403.

would follow that, if the process consisted merely of manipulation, it would be anticipated by the mere possession of a pair of hands.

"True, if the process were the mere function of a machine, another machine capable of performing the same function might be an anticipation; but this is not because a process can be anticipated by a mechanism, but because, as we have held in several cases, the mere function of a machine is not patentable as a process at all. Corning v. Burden, 15 How. 252; Risdon Iron & Locomotive Works v. Medart, 158 U. S. 68."

There was at one time a great deal of discussion in the English cases whether there could be a patent for a process. This was primarily because the English act only authorized a patent for a manufacture, but a weightier reason was because apparently a process at first view may be only the employment of principles or forces of nature. The use of a single principle of nature, as has been already pointed out, is not patentable, but a process may consist of the employment of different principles or forces of nature in a certain method. Such invention is patentable, and any process making a new application of different laws of nature involves invention.

38. **Distinction between a patent for a process and for a principle.**—The distinction between a patent for a process and for a principle is well illustrated in the case of Tilghman v Proctor,[11] where it is said:

"It has been supposed that the decision in O'Reilly v. Morse was adverse to patents for mere processes.

[11] 102 U. S. 707.

The mistake has undoubtedly arisen from confounding a patent for a process with a patent for a mere principle. We think that a careful examination of the judgment in that case will show that nothing adverse to patents for processes is contained in it. The eighth claim of Morse's patent was held to be invalid, because it was regarded by the court as being not for a process, but for a mere principle. It amounted to this, namely, a claim of the exclusive right to the use of electromagnetism as a motive power for making intelligible marks at a distance; that is, a claim to the exclusive use of one of the powers of nature for a particular purpose. It was not a claim of any particular machinery, nor a claim of any particular process for utilizing the power; but a claim of the power itself,—a claim put forward on the ground that the patentee was the first to discover that it could be thus employed. This claim the court held could not be sustained."

39. **Advantages of a process patent.**—It is advisable to take out a patent for a process wherever possible. A patent for a machine, for instance, protects only that particular machine. Anyone may invent another machine to accomplish the same work, provided the new machine is not one essentially similar to the patented one. But a valid patent for a process prevents anyone from using the process, even if different machines or instrumentalities are used in working out the process.

40. **Patent for machines.**—A machine is an instrument employing one or more of the mechanical powers, and capable, when set in motion, of produc-

ing by its own operation certain predetermined physical results. It is governed by a permanent rule or method of action, receiving simple mechanical force from the motive power, and transmitting or transforming or multiplying it in its application to the intended object. This rule or method of action is often called "the principle of the machine," or its modus operandi (method of operating). It is the fundamental idea of the means embodied in the machine to accomplish the desired result, and constitutes the true subject of the patent. The machine itself, as already shown, is not the thing patented; the new idea of its construction is what is patented.

41. **Difference between process and machine.**—The difference between an art or process and a machine is that the acts or series of acts which constitute the art or process become in a machine inseparably connected with a separate physical structure. A machine differs from other mechanical instruments by reason of the fact that its rule of action resides within itself. It must act in one way. The essence of a machine is its principle or structural law. Its shape, or its appearance, is immaterial in determining the question of patentability or infringement. If two machines work upon the same principle to accomplish the same result, they are substantially similar in the view of the patent law. A machine formed by a union of old parts or by a combination of other machines may be new and patentable, and of course a machine formed by a combination of old parts and new parts or of an existing machine with new machines or with new parts may be patentable.

In Machine Co. v. Murphy,[12] Judge Clifford, in the opinion, says:

"In determining the question of infringement, the court or jury, as the case may be, are not to judge about similarities or differences by the names of things, but are to look at the machines or their several devices or elements in the light of what they do, or what office or function they perform, and how they perform it, and to find that one thing is substantially the same as another, if it performs substantially the same function in substantially the same way to obtain the same result, always bearing in mind that devices in a patented machine are different in the sense of the patent law when they perform different functions or in a different way, or produce a substantially different result."

42. **Patents for manufactures.**—A manufacture differs from a machine in being a thing made, not capable of obtaining by its own motion any predetermined result. Examples of manufactures are fabrics, castings, structures, parts of machines not put together, tools, etc. A manufacture includes, in the sense of the patent law, everything made except a machine, a composition of matter, or a design.

In Johnson v. Johnston,[13] Judge Acheson, in the opinion, says:

"The term 'manufacture,' as used in the patent law, has a very comprehensive sense, embracing whatever is made by the art or industry of man, not being a machine, a composition of matter, or a design. Curt.

[12] 97 U. S. 120.
[13] 60 Fed. 618.

Pat., § 27; 1 Rob. Pat., § 183. In Waring v. Johnson, 6 Fed., 500, letters patent for an improvement in pocket check-books were sustained by Judge Blatchford; and in Norrington v. Merchants' Nat. Bank, 25 Fed., 199, Judge Colt sustained a patent whose subject-matter was of a like nature. In Dugan v. Gregg, 48 Fed., 227, a combined book and index, so connected as to facilitate the more ready and convenient handling thereof, was held to be a patentable improvement by Judge Coxe, who, also, in Carter & Co. v. Wollschlaeger, 53 Fed., 573, upheld a patent for an improvement in duplicate memorandum sales slips, following a decision of Judge Colt in Carter & Co. v. Houghton, 53 Fed., 577, sustaining the same patent. In Thomson v. Citizens' Nat. Bank, 3 C. C. A., 518, 53 Fed., 250, the United States Circuit Court of Appeals for the eighth circuit sustained a patent for a bank account book, the improvement consisting in a suitable number of full leaves and alternate series of short leaves, each of the latter being creased or perforated for folding in such a manner as to transfer the column of balances on the right-hand page to the succeeding left-hand page. I have no difficulty in holding that the subject-matter of the patent in suit is patentable."

43. **When a patent can be granted for process and manufacture.**—If the process by which a manufacture is made is new, and the manufacture when made is new, a patent may be had for each. The discovery that a natural substance can be artificially produced or more cheaply produced than before does not entitle the inventor to patent the product as a manufacture.

He has not invented a new manufacture. He may be entitled to a patent for his process, but not for the manufacture. In Cochrane v. Badische Anilin & Soda Fabrik,[14] Judge Blatchford says:

"While a new process for producing it was patentable, the product itself could not be patented, even though it was a product made artificially for the first time, in contradistinction to being eliminated from the madder root. Calling it artificial alizarine did not make it a new composition of matter, and patentable as such, by reason of its having been prepared artificially for the first time from anthracine, if it was set forth as alizarine, a well-known substance."

A patent for a new original manufacture may be very broad, or one for improvements or combinations in an established manufacture may be very narrow.

44. **Patents for composition of matter.**—A composition of matter is a substance formed by the intermixture of two or more ingredients, and possessing properties belonging to none of the ingredients separately. The intermixture may be caused mechanically or chemically. It cannot be a simple natural substance, but must, as its term implies, be a composition. A composition of matter, to be patentable as such, must differ from any substance previously known. The artificial combination of ingredients into a substance existing in nature may authorize a patent for a process, but does not authorize a patent for a composition of matter. A composition of matter claimed to be useful for a specific purpose, whether effected by chemical or mechanical means, is not com-

[14] 111 U. S. 293.

since the Act of 1842, providing for patents for designs, that ornamentation and beauty are the tests of the patentability of a design. The appearance of the design and not the means of producing the appearance is the thing patented. A design patent may be given for the ornamental shape of a thing, or for the ornamentation imposed on a thing. But the essential quality of a design, as used in the patent laws, is ornamentation, and not utility. The imparting of an ancient appearance to a new material does not alone constitute a design. An improvement on a design may be made the subject of a separate patent.

47. **Invalidity of design patents issued for shape of articles of utility.**—There have been many attempts to obtain design patents and some patents have been issued for the shape of articles of utility. It seems singular that the Patent Office should issue such patents. They are clearly invalid.

In Williams Calk Co. v. Neverslip Mfg. Co.,[16] the Court says:

"It was never the intention of Congress, in allowing patents for designs, to duplicate the existing law, so that an inventor, at his option, could cover that which had nothing but a practical value either with a design or mechanical patent, or, as is now claimed, with both. A distinct class of inventions, having characteristics and features of its own, was intended to be reached by the statute, and to this it is to be confined. It is, indeed, a perversion to attempt to extend it to anything else. Weisgerber v. Clowney, 131 Fed., 477. It has been accordingly expressly

[16] 136 Fed. 210.

decided that a horseshoe calk, such as we have here, was not patentable as a design (Rowe v. Blodgett & Clapp Co., 103 Fed., 873, 112 Fed., 61); nor a syringe (Marvel Co. v. Pearl, 114 Fed., 946); nor plates to hold together the ends of machine belting (Eaton v. Lewis, 115 Fed., 635); nor a thill coupling and washer for carriages (Bradley v. Eccles, 126 Fed., 945). In each of these instances, it is manifest that artistic configuration, addressed to the eye, practically counted for nothing, the whole value of the device being found in the uses to which it could be put, to which the mind of the inventor was naturally addressed."

In Theberath v. Rubber, etc., Co.,[17] Judge Nixon, in the opinion, says:

"Patents for designs were first authorized by the third section of the Act of August 29, 1842 (5 St. at Large, 543), and have been retained, in substantially the same terms, in the several revisions of the patent laws since that date. They differ from patents for inventions or discoveries in this respect, that they have reference to appearance rather than utility. Their object is to encourage the arts of decoration more than the invention of useful products. A picture or design that merely pleases the eye is a proper subject for such a patent, without regard to the question of utility, which is always an essential ingredient in an invention or discovery patent."

In Gorham Mfg. Co. v. White,[18] Judge Strong, in the opinion, says:

[17] 15 Fed. 246.
[18] 14 Wall. 511 (U. S.).

"The acts of Congress which authorize the grant of patents for designs were plainly intended to give encouragement to the decorative arts. They contemplate not so much utility as appearance, and that, not an abstract impression or picture, but an aspect given to those objects mentioned in the acts. It is a new and original design for a manufacture, whether of metal or other material; a new and original design for a bust, statue, bas-relief, or composition in alto, or basso-relievo; a new or original impression or ornament to be placed on any article of manufacture; a new and original design for the printing of woolen, silk, cotton, or other fabrics; a new and useful pattern, print, or picture, to be either worked into, or on, any article of manufacture; or a new and original shape or configuration of any article of manufacture —it is one or all of these that the law has in view. And the thing invented or produced, for which a patent is given, is that which gives a peculiar or distinctive appearance to the manufacture, or article, to which it may be applied, or to which it gives form. The law manifestly contemplates that giving certain new and original appearances to a manufactured article may enhance its salable value, may enlarge the demand for it, and may be a meritorious service to the public."

48. **Patents for improvements.**—An improvement is the addition to or alteration in some existing thing which increases its efficiency or utility without destroying its identity. Improvement includes two ideas: 1. An idea of a practically operative art or instrument; 2. An idea of some change in it not affecting

its essential character, but enabling it to work better or to produce better results. If such change involves the exercise of the inventive faculties instead of mere mechanical skill, it is a patentable improvement. A process or article may be considered separately an independent invention, and it may be capable of such use with other things as to constitute an improvement, and be capable of being patented in both capacities. An improvement is a change in the idea of means of the original inventor. If the essential feature of the original invention does not remain, the change is not an improvement, but is an original invention itself.

49. **Improvements in simple inventions and in combinations.**—There is an essential difference between improvements in simple inventions and combinations. In a simple invention the identity of the invention does not depend on the identity of its individual elements. Any substantial change in them which does not destroy its entire character is merely an improvement. But in a combination the identity of the invention does depend on the identity of its subordinate means. A change in any one of its subordinate elements, other than a mere change of form, either develops its idea of means or alters that idea. The former is an improvement, the latter a new invention.

50. **An improvement a complete invention.**—An improvement is a complete invention in itself, distinct from the original. Therefore an improvement does not protect an original invention after the patent for it has expired. An inventor of an improvement

on an invention acquires no rights in the original invention, and the inventor of an original invention has no rights in an improvement upon it. Therefore, an inventor who has obtained a patent for an improvement in a patented invention practically cannot utilize his invention without the consent of the original patentee.

51. **Novelty.**—By the provisions of § 31 of Title 35 of the United States Code, previously quoted, any patentable invention must be new and useful. Novelty, therefore, is one of the indispensable requisites of a patentable invention. Novelty means novelty in fact, not novelty in the inventor. Hundreds of applications for patents are rejected by the Patent Office every year for want of novelty, which are genuine original inventions by the applicant. It is the policy of our patent legislation to reward those inventors who give new inventions to the public, not simply to reward the skill of the inventor. If a patent were given for a thing not new, but honestly believed to be new by the designer, the rights of previous patentees for the same thing, if there were any, would be destroyed. If the thing were in public use, but had not been previously patented, the rights of the public to use the known thing would be interfered with. If any attempt were made to compensate persons who honestly devise what they believe to be inventions, but which are not new, there might be fraudulent claims of invention supported by perjury in the application.

52. **Novelty according to the patent law.**—Novelty in the sense of the patent law is different in some

respects from novelty in fact. Originally the novelty required was absolute both as to place and time. But the English courts long ago held that the novelty must consist of prior knowledge "within the realm." So that an invention by an English subject, if not known within the realm of Great Britain, would not necessarily be rendered invalid by the fact that it was known on the Continent, or elsewhere in the world. Our Patent Act of 1790 limited patents to inventions not before known or used, but the rule was changed in the Act of 1836 to signify knowledge or use in this country.

53. **Present test of novelty in this country.**— Under the present statute, United States Code, Title 35, § 31, the invention must have been "not known or used by others in this country before his invention or discovery thereof, and not patented or described in any printed publication in this or any foreign country before his invention or discovery thereof, or more than one year prior to his application, and not in public use or on sale in this country for more than one year prior to his application unless the same is proved to have been abandoned." Under these provisions, if the invention has been known in this country before the applicant's invention, or patented or described in any printed publication in any country before his invention, or more than one year before his application for a patent, or has been in public use or on sale in this country for more than one year prior to his application, the invention is not patentable.[19] It is immaterial that

[19] Coffin v. Ogden, 18 Wall. 120 (U.S.).

the applicant had no knowledge of such facts. He is conclusively assumed to have had such knowledge. The law forbids the issue of a patent under such circumstances, and if inadvertently issued, it is invalid.

54. **Knowledge or use in this country.**—The first and third of these exceptions may be considered together. The invention must have been "not known or used by others in this country before his invention or discovery thereof," and must have been "not in public use or on sale in this country for more than one year prior to his application." These restrictions apply to this country alone. The invention may have been known or used or in public use or on sale in any countries other than the United States, and there is no legal presumption that the inventor knew of such use or sale.[20] But he must have been the inventor. If he knew in fact of such use or sale of the invention in any foreign country at the time of his invention, his claim of invention is untrue, and a patent, if issued for it, invalid. But such knowledge must be affirmatively proved, and is not inferred as a matter of law from use or sale, as in the case of such use or sale in this country. Knowledge of such use or sale in a foreign country acquired between the invention and the application does not prevent the issue of a patent. The first of these restrictions makes the invention invalid if "known or used by others in this country *before his invention* or discovery thereof"; the other makes it invalid if "in public use or on sale in this country for more than one year prior to *his application.*" That is, the invention must not have

[20] Doyle v. Spaulding, 19 Fed. 744.

been known or used in this country before his invention, but if the applicant has invented it before it was known or used in this country, it may be in public use or on sale in this country for one year prior to his application for a patent. That is, the inventor has one year after his invention during which he can safely wait before applying for his patent. A frequent instance of the application of this provision is when the inventor puts his own invention in public use or on sale before he applies for a patent, which he can do, without affecting his right to a patent, provided he applies within one year after his invention. But it is dangerous for an inventor to delay in applying for a patent after he has completed his invention, because of the difficulty which often exists of proving when the invention was actually perfected.

55. **Prior use must be complete.**—A prior use to bar a patent must disclose the invention to the public. That is, the prior invention must be complete and operative. It must be practically employed, and the employment must be in public. Mere experiments, however nearly complete, are insufficient. The invention must be employed, not for experiments, but to accomplish the result which it is intended to effect. The proof of the existence of descriptions, drawings, and models is insufficient to show such a prior use as to bar patents.

56. **Prior patents or descriptions in printed publications.**—The other exception in the statute is that the invention must have been not patented or described in a printed publication, in this or any foreign country, before his invention or discovery thereof, or

more than one year prior to his application. By this provision, if the invention has been patented or described in any printed publication anywhere in the world before the invention, no valid patent can be obtained.[21] As in the case of public use or sale, such patent or printed publication must have been in existence before the invention. If the invention is made before the existence of the patent or printed publication, the inventor has one year within which to file his application, and any patent or publication made within the one year is immaterial.

57. **Prior patent must be public.**—A prior patent relied on to defeat an application for a patent must be a public patent. Private patents are issued in some countries in Europe, and such patents are not a bar to the issue of a patent in this country. In some countries patents are issued without requiring specifications or detailed descriptions of the invention to be filed at the time the patent is granted. Such a patent is not a bar in this country until the specifications are published. A full description of an invention in the specifications of a prior patent will bar a patent for it, although no claim for the invention was made in the prior patent. In such a case, the application is strictly not barred by the patent, but by the description of the invention in the specifications, constituting a printed publication.

58. **Applicant prior patentee for same invention.**—If a patent has been previously issued to the applicant for the same invention, such patent bars a later application for a patent, and if a second patent is

[21] Rosenwasser v. Spieth, 129 U. S. 47.

issued to the same patentee for the same invention, the second patent is invalid. If the rule were otherwise, the original patentee could by his own act extend the term of his first patent.

59. **Printed publications.**—A printed publication within the meaning of the statute is anything that is printed and issued publicly in any country. The mere existence of a printed paper is not a publication. But the fact that a printed paper has been exposed for public sale, without any actual sale or distribution, is sufficient proof of publication. The deposit of a printed publication in a public library is sufficient publication.[22] A prior publication, to bar a patent, must be: (1) A work of a public character intended for general use. (2) Within the reach of the public. (3) Published before the date of the later invention. (4) Must contain a complete and operative description of the invention. (5) The description must be so precise that any one skilled in the art may construct and operate the invention without experiments or inventive skill, by simply following the description as printed.

60. **Written and private publications immaterial.**—A written description which is not printed is immaterial. Private communications, although printed, intended for a single person or a restricted group, are immaterial. Thus, business circulars or catalogues intended to be sent only to persons in a particular trade are not publications within the meaning of the statute.[23] But technical publications, although inter-

[22] Crossley & Sons v. Hogg, 83 Fed. 488.
[23] Britton v. White Mfg. Co., 61 Fed. 93.

esting to a restricted class only, if generally circulated, are public and not private works.

61. **Publication sufficient if offered to public.**—The publication must have been put in reach of the public. A single copy in a public library is sufficient. It is not necessary to prove that anyone has seen it or read it. The public opportunity to see it is sufficient. Proof that the book or publication has been publicly offered for sale is sufficient, although the sale has been very restricted.

62. **Proof of date of publication.**—The publication must precede the date of the invention. The date of publication, if printed in a book, is not conclusive as to the date of publication. The real fact may be proved by extrinsic evidence. But the date printed in a book, or especially in a periodical publication, is usually taken as presumptive evidence of the actual date of publication.

63. **Previous invention must be identical.**—The invention described must be identical with the one for which the patent is sought. Testimony is not admissible to show that the description in the prior patent or publication did not accurately state the real invention. The publication must show on its face that the invention described in it is precisely the same invention as that described in the application for the patent.

64. **Description must be accurate.**—The publication must contain such a full, particular, and accurate description of the invention as will enable a person skilled in the art to make it without further invention or experiment. Mere statements of the idea

of the invention, or hints or suggestions for carrying it out are immaterial. It must be fully and exactly disclosed.

65. **The date of invention.**—When it is necessary to determine the date of invention as distinguished from the date of the application for the patent, the general rule is that the date of the invention is the date of its reduction to practice. No invention is held by the law to date from the time of the inventor's mental conception of the idea of the invention. Mental conceptions of an invention are useless to the public until embodied in such a shape or description that the public can use them after the inventor's death. An invention always dates as early as the application for the patent for it, if the application clearly shows the invention. If the invention be fully described by words, drawings, models, or a working specimen, the invention dates from such a completion of such descriptions, drawings, models, or specimens as will enable a person skilled in the art to make or perform the invention. Whether a mere oral description of an invention given by the inventor to another person will suffice to fix the date of the invention depends on the question whether the invention is sufficiently simple, and whether the person to whom it is explained has capacity to understand and remember it accurately. Evidence of an oral communication of an invention is not incompetent, but it is usually an unsatisfactory kind of evidence. It is only in the case of patented inventions that the date of the invention can be established when necessary by written or oral descriptions, drawings, models, or specimens.

In the case of an unpatented invention, the date of its invention cannot be established by such proof, unless the written description has been published in a printed publication. The only proof of the existence of a foreign invention which can bar the right of an American inventor to a patent for the same invention is either a foreign patent or a foreign printed publication, or proof that the applicant had personal knowledge of the previous invention before he made his invention.

66 **Utility.**—By § 31, Title 35 of the United States Code, a patented invention must be "useful." A patented invention must produce a result, and that result must be a good result.[24] A patent for a process, a manufacture, a composition of matter, or a design, that is worthless, is invalid. A patent for a machine which will not do the work for which it is intended, though it may be made to do it by the addition of a simple element, is invalid. If, however, an invention performs a good function, although imperfectly, the mere fact that it is susceptible of improvement does not negative its validity.[25] The fact that a prior invention performs the same function as well or better is immaterial. Later inventions so superior as to entirely supersede former ones do not prove that the former ones had no utility. An invention whose only object is to decorate and make beautiful an article of manufacture is not invalid for want of utility. To make any article of manufacture beautiful tends to increase its attractions to buyers

[24] Coupe v. Royer, 155 U. S. 565.

[25] Mergenthaler Linotype Co. v. Press Pub. Co., 57 Fed. 502.

and is therefore useful. The grant of a patent creates some presumption of utility. In Crown, etc., v. Aluminum Co.,[26] Judge Bradley, in his opinion, says:

"It is claimed that the original and reissued patent, No. 11,685, is void for want of utility. Utility being one of the qualities necessary to patentability, the granting of the patent is prima facie evidence of it; and this is not negatived by the fact that the device is susceptible of improvement, or that like inventions are so far superior to it that they may entirely supersede the use of it. Comparative utility between machines or processes is no criterion of infringement, and comparative superiority or inferiority does not necessarily import non-infringement; nor does it tend to avoid infringement if the defendant's device is simpler and produces better results, unless the cause is due to a difference in function or mode of operation or some essential change in character. Differences in utility do not necessarily import differences of invention. The burden is upon the defendant, in a case like this, to prove want of utility. He must show either that it is theoretically impossible for such a device to operate, or demonstrate by clear proof that a person skilled in the art to which the invention pertains has endeavored in good faith to make the patent work, and has been unable to do so; and it follows that such evidence is overthrown, or will be overthrown, if it is demonstrated by practical experiments of credible persons that they have succeeded in producing by the patent process the results claimed by the patent."

[26] 108 Fed. 845.

67. **Inventions injurious to morals.**—Inventions which are injurious to morals, health, or good order are not useful, and therefore are not patentable.[27] For example, an instrument like a roulette wheel, incapable of any use except for gambling purposes, is not patentable. But such an instrument, capable of use as a toy, may be patentable. Some inventions may have a good use and a bad use—for example, a repeating pistol. Such an invention is useful, within the meaning of the patent law, if it is designed and adapted and may be actually used for a good purpose, although also and perhaps oftener used for a bad purpose. It is for the criminal law to deal with the bad use. So certain classes of persons may regard certain articles as useful and others as useless and even objectionable; for example, tobacco or intoxicating liquors. The same rule applies in such a case. Patents relating to such subjects are not invalid for want of utility. A patent for an article which is an imitation of a natural substance is usually valid, but not if its sole object is to create something to be fraudulently sold as the natural object which it imitates. An invention which is injurious to the thing to which it is intended to be applied is invalid for want of utility. For example, if a patentable part of a machine is injurious to the utility of the machine as a whole, the patent for the injurious part is invalid for want of utility.

In National Automatic Device Co. v. Lloyd,[28] Judge Blodgett, in the opinion, says:

[27] Bedford v. Hunt, 1 Mason 302 (U. S.).
[28] 40 Fed. 89.

"The proof shows that the only use to which complainant's, or, for that matter, the defendants', machines have been so far applied, is to place them in saloons, bar-rooms, and other drinking places, where the frequenters of such places make wagers as to which of the toy horses will stop first, or which will stop nearest to a designated point, after the machine has been put in motion, by dropping a nickel in the slot; in other words, the machine in question is only used for gambling purposes. The law of the United States only authorizes the issue of a patent for a new and useful invention, and in an early case on that subject (Bedford v. Hunt, 1 Mason 302), it was held that the word 'useful,' as used in this statute, means such an invention as may be applied to some beneficial use in society, in contradistinction to an invention which is injurious to the morals, health, or good order of society, and the principle thus enunciated has been uniformly applied ever since."

In Rickard v. DyBon,[29] the patent was for a process of treating tobacco leaves, so as to cause them to be artificially spotted. Spots upon natural tobacco leaves were considered by some to indicate an improved quality of tobacco. Judge Wallace, in the opinion, says:

"The patent shows upon its face that it is intended to secure a monopoly in the art of spotting growing tobacco, without reference to improving its quality.

* * * * * * * * *

"In authorizing patents to the authors of new and useful discoveries and inventions, Congress did not

[29] 103 Fed. 868.

intend to extend protection to those which confer no other benefit upon the public than the opportunity of profiting by deception and fraud. To warrant a patent, the invention must be useful; that is, capable of some beneficial use as distinguished from a pernicious use."

68. **The extent of utility immaterial.**—If actual utility exists in an invention, its extent is unimportant. It is not necessary that it should be superior to other previous inventions for the same purpose. Great utility in an invention as shown by extensive use is a weighty consideration in deciding as to the invention. The invention, after it has been made, may appear very simple, but courts often presume that it would have been produced earlier if it were only the result of mechanical skill. This principle applies particularly where the proof shows that for a considerable time other inventors were endeavoring to accomplish the same result.

69. **Question of utility difficult in suits on paper patents.**—The question whether an invention has utility is often one of much practical difficulty in suits upon patents which have never been put in practice. When a patented process has been put in operation or a patented machine has been constructed and operated, the question whether it will actually do the work for which it was intended can be easily proved or disproved; but when a suit is upon what is called a paper patent, that is, a patent under which no work has been done, it is often difficult to determine whether in fact the thing patented has, or will prove to have, practical utility.

70. **Abandonment.**—§ 31, Title 35 of the United States Code, provides that an inventor may obtain a patent for his invention "unless the same is proved to have been abandoned." A person may abandon an endeavor to make an invention. This amounts really to an unsuccessful attempt to invent something, and, of course, confers no right on the person making the attempt, and affects no rights of others. An inventor having made an invention may abandon it to the public. Abandonment is either actual or constructive. Actual abandonment is the result of intention. Constructive abandonment is the result of some statute acting without regard to the inventor's intention, or the lapse of time. Either actual or constructive abandonment may occur before an application for a patent or after application and before the issue of a patent. Either kind is irrevocable. An abandonment once made vests the invention forever in the public.[30]

71. **Actual abandonment.**—Actual abandonment is a question of intention. It occurs when there is an entire relinquishment of a purpose to obtain a patent and a voluntary acquiescence in its use by the public. It is a question of fact, and may be proved by direct or circumstantial evidence. Direct proof is a clear declaration of abandonment by the inventor, either oral or written. A disclaimer of the invention in an application for another patent or in a separate disclaimer is an abandonment.[31] A cancellation of a claim for an invention in an application pending in

[30] Kendall v. Winsor, 21 How. 322 (U. S.); Consolidated Fruit-Jar Co. v. Wright, 94 U. S. 92.

[31] Leggett v. Avery, 101 U. S. 256.

the Patent Office and the substitution of nothing in its place constitutes an abandonment.[32] This is a common form of abandonment, and a frequent subject of controversy in patent suits. A description of an invention in the specifications without claiming or disclaiming it is not necessarily an abandonment. It may be lawfully claimed in a reissue of a patent if a reissue is allowable in other respects. But upon the expiration of a period after which a reissue is not allowable, such a description of the invention in the specifications without its being claimed may amount to an abandonment. Delay in applying for a patent is also evidence tending to prove abandonment.[33] Long delay, unexplained, may constitute abandonment, but excusable delay will not amount to abandonment; for example, delay caused by extreme poverty, ill health, mental disorder, absence in an enemy's country during war, time occupied by experiments, delays by the patent solicitor or in the Patent Office, will not usually amount to abandonment. The fact that an invention can only be used with another one, already patented, and that no arrangement can be made for joint use, usually excuses delay until the first patent expires. But long acquiescence in the rejection of an application amounts to abandonment.

In U. S. Rifle Co. v. Whitney Arms Co.,[34] Judge Gray, in the opinion, says:

"There may be an abandonment of an invention to the public, as well after an application has been rejected or withdrawn as before any application is

[32] Yale Lock Mfg. Co. v. Berkshire Nat. Bank, 135 U. S. 342.
[33] Consolidated Fruit-Jar Co. v. Wright, 94 U. S. 92.
[34] 118 U. S. 22.

made. Such abandonment may be proved, either by express declarations of an inventor to abandon, or by conduct inconsistent with any other conclusion. An inventor, whose application for a patent has been rejected, and who, without substantial reason or excuse, omits for many years to take any step to reinstate or renew it, must be held to have acquiesced in its rejection, and to have abandoned any intention of further prosecuting his claim.

"In the case at bar, the first application was both rejected by the Commissioner and withdrawn by the applicant; and the question presented is well put in the opinion of Mr. Commissioner Fisher, above referred to: 'Can an inventor withdraw his application, make no effort to renew it for eight years, during which time the subject-matter of the invention has been incorporated into the substance of many other subsequent inventions, and then file a new application and obtain a patent, which, to support the novelty of the invention, shall relate back to the first application?' We concur with him and with the Circuit Court in deciding that an inventor cannot do this."

72. **Constructive abandonment.** — Constructive abandonment occurs when the invention was in public use or on sale in this country earlier than one year before the application for a patent. Public use occurs when the inventor uses his invention for profit, and not for experiment, and when he allows others to use it without any restriction or retaining any control over it.[35] The fact that he permits such a use by

[35] Elizabeth v. Pavement Co., 97 U. S. 126.

others without compensation does not prevent the result of abandonment by such public use. Public use of one specimen or by one person is not necessarily sufficient to constitute abandonment. Experimental use by the inventor is not public use. An invention is on sale when it is being publicly sold in the ordinary manner, or when there is a public offer to sell it. A sale of one specimen to one buyer is sufficient. Evidence offering excuses for public use or sale for more than one year is insufficient. If the fact is proved, it is conclusive. Where an inventor omits to pay the final fee required in the Patent Office within six months from the allowance of his application, and omits to make a new application for a patent on the same invention within one year after such allowance, he loses all right to a patent for such invention.

73. **No abandonment of patent for non-user.**—After a patent is issued, no abandonment can be inferred from non-user under the United States patent system. A patentee has the absolute right to make no use himself and to refuse to allow anyone to make use of his invention for the seventeen years covered by the patent.

74. **Effect of foreign patents.**—The law formerly provided that a United States patent should expire as early as any foreign patent taken out by the patentee for the same invention expired, the theory being that the public in this country should have the right to use the invention as soon as the public in any other part of the world. Since the Act of 1903, inventions protected by foreign patents other than for designs

are deemed constructively abandoned in this country unless the inventor or someone in privity with him applies for a patent for the invention here within twelve months after the application for such a patent in any foreign country. In the case of design patents, the application in this country must be within six months after the application in a foreign country, or the invention is abandoned. The old law frequently gave rise, in suits on United States patents, to difficult questions relating to the time when the foreign patents and, consequently, when the United States patents expired.

CHAPTER IV.

APPLICATIONS FOR PATENTS.

75. **Inventors only can apply for a patent.**—Inventors only can apply for a patent. If they have assigned or agreed to assign their patent the application must nevertheless be made by them. Any person may apply,—an infant, an alien, a married woman, an executor or administrator of a deceased inventor, or a committee of an insane inventor. The only persons who are prohibited from applying for a patent are employees of the Patent Office during the period of their employment. A joint patent must issue for a joint invention. If one of two joint inventors obtains a patent for himself alone, it is invalid.[36] If a joint patent is issued for an invention made by one inventor, it is invalid.[37] An inventor can assign his right to a patent, and the assignee in turn may assign to another. The assignment by an inventor of his inchoate right to a patent before its issue is valid, and creates an equitable title in the assignee. In such a case, the application must be made by the inventor, and the assignment recorded in the Patent Office, and the patent is issued to the assignee or to the inventor and assignee jointly, as requested by the inventor. An employee may agree that all his inventions generally or all those of a cer-

[36] American, etc., Co. v. Newgold, 108 Fed. 959.

[37] Welsbach Light Co. v. Cosmopolitan, etc., Co., 100 Fed. 648.

tain class shall belong to his employer, but such agreements must be clear and unequivocal, and are closely scrutinized by courts.

76. **The Patent Office.**—Patents are now issued by the Patent Office, an office in the Department of Commerce. The Patent Office consists of a Commissioner of Patents, three Assistant Commissioners, nine Examiners-in-Chief, many primary examiners, clerks, and other employees. The practice of the Patent Office is regulated by statutes, and by rules which the Commissioner is authorized to make. The principal duties of the Patent Office are: (1) To determine whether alleged inventions are patentable. (2) To settle disputes between rival claimants of the same invention.

77. **Examinations in Patent Office.**—The largest work of the Patent Office is passing on applications for patents. The number of applications annually filed is now about 70,000. The inventions described in them relate to every branch of human effort. The question whether any alleged invention has been anticipated in other patents or publications involves elaborate investigation, and requires the services of skilled examiners. To secure effective examination, all known industries are divided into classes, which are again grouped into divisions, similar classes being kept in the same division. Examiners are assigned to each division, who are presumably expert in the class of invention assigned to that division. On receipt of an application, it is referred to the appropriate division, and then to an assigned examiner. In the ordinary course of business, if he decides that

the invention shown in the application is patentable, the patent issues. If he sees anything objectionable in the application, he notifies the applicant. An elaborate correspondence often occurs. The examiner criticizes the form of the application, or cites previous patents or publications which seem to anticipate, or raises any kind of objection. These objections often lead to amendments of the application. If, at last, the examiner is satisfied, a patent is issued; if not, it is refused.

78. **Patent attorneys.**—An inventor who applies for a patent may make and conduct the application himself, but usually an attorney is employed. There are attorneys who make a specialty of practice in the Patent Office. Many attorneys practice there who also practice in other branches of law. The Patent Office requires attorneys appearing in matters pending in the office to be appointed by a written power. If a firm is appointed, the power must designate each member who proposes to act. The appointment of an attorney in a case pending in the Patent Office is revocable at any time, unless the attorney has a beneficial interest under a contract. The death of the client terminates the attorneyship. An assignment of an undivided interest in an invention does not necessarily terminate the appointment of the attorney. The authority of the attorney is limited to the application to which the power of attorney pertains. If several applications for different patents are made at the same time, separate powers of attorney are necessary. The authorized attorney is the sole medium of communication between the Patent

Office and the inventor, and he has access to all the papers in the case. The attorney has a lien on the papers for his fees, including the patent when issued, which the Patent Office will deliver to him if requested. The Commissioner has power to disbar attorneys from the Patent Office where there is proper cause.

79. **Caveats.**—Prior to 1910, an inventor who desired further time for experiment or to complete his invention, and who feared that another might apply for a patent for the same invention, might file a caveat in the Patent Office. A caveat was a notice to the Patent Office that the caveator claimed to be the first inventor of the invention described in the caveat. The caveat was filed in the secret archives of the Patent Office, and kept secret from all parties except the caveator and his attorney and the officers of the Patent Office. It remained in force for one year after filing. At the end of a year it might be renewed for another year, upon payment of an additional fee, and so on from year to year. If the year expired without its renewal, it ceased to have any force. If while the caveat was in force another inventor filed an application for the same invention, action on it was suspended, and notice given to the caveator. He then was obliged to file his application for the patent within three months, and if it appeared that the applications filed were for the same invention, an interference was declared. The law regarding caveats was repealed by the Act of June 25, 1910, so that there is no longer any provision of law authorizing the filing of a caveat in the Patent Office.

80. **Form of applications.**—An application for a patent and all communications to the Patent Office concerning it must be in legible writing in the English language, and must include a petition addressed to the Commissioner, an oath, and a specification or description and claim of the invention. In cases in which the invention can be illustrated by drawings it must be accompanied by drawings. Models or specimens can be required by the Commissioner to be furnished, but are not provided unless requested. No application can be accepted for examination until it is complete in all its parts. The petition must state the name and residence of the petitioner; must designate the invention; must refer to the specification for a fuller disclosure thereof, so as practically to incorporate the specification in the patent; must state the person to whom the patent is desired to be issued, whether to the applicant or to an assignee, alone or jointly with the applicant. It should duly request the grant of letters patent for the invention described, and be signed by the applicant. The oath must be made by the inventor, if alive and sane; if dead or insane, by his personal representative. It must be sworn to before an officer authorized to administer oaths, and must be attested by his official seal. An affirmation may be made instead of an oath.

81. **Requisites of oath of applicant.**—The applicant must swear that he believes himself to be the first inventor of the art or instrument for which he desires a patent; that he does not know and does not believe that the same was ever before known or used; and that the invention has not been in public use and

on sale in the United States for more than one year preceding. He must also state his citizenship and place of residence, and the names, numbers and dates of any foreign patents he has obtained for the same invention. Willful falsehood in this oath invalidates the patent. The oath is essential, and the Patent Office cannot dispense with it. But if a patent is inadvertently issued without an oath, the courts will not usually hold it invalid, under the presumption that all official acts were rightly done.

82. **Applications for inventions already patented.** —An invention already patented in the United States by the same inventor cannot be made the subject of a new patent.[38] This would simply lengthen the term of the original patent. But an application can be made for a patent for an invention for which a previous patent has been issued to another. Such an application may result in an interference. In any case a patent issued on the later application may be upheld as issued on the first invention.

83. **Joinder of separate inventions in one patent.** —The joinder of separate inventions in one patent is allowable in certain cases, although theoretically objectionable. The courts have held that several inventions may be joined in one patent where the inventions are kindred and auxiliary, that is, where they are capable of being used in connection with each other to serve a common end. The rule in the Patent Office is to permit the joinder of distinct inventions in one application where one of the inventions is dependent on the other, and they mutually contribute

[38] Suffolk Co. v. Hayden, 3 Wall. 315 (U. S.).

to produce a single result. But the general rule under both court decisions and Patent Office practice is that separate and distinct inventions not capable of connected use cannot be joined in the same patent. The facts that they pertain to the same subject or genus, or are by nature capable of a similar use, do not justify joinder. But in combinations where the inventor has invented distinct parts as well as the combination he can include in one patent the invention of the parts as well as of the combination, and make distinct claims for each invention. So claims may be made in one patent for a process and for the manufacture which results from the process.

84. **Requisites of specifications.**—§ 33, Title 35 of the United States Code prescribes the requisites of the specifications to be filed by the inventor. The term "specification" is properly used to describe the entire paper containing the description and claim and drawings, if any. But it is often used in place of the description, as contradistinguished from the claim.[39] The usual form consists of a preamble stating the name, nationality, residence and post office address of the applicant and the title of the invention, a general statement of the nature and object of the invention, a brief description of the drawings, if drawings are attached, a detailed description of the invention, the claim or claims, the signatures of the applicant and of two witnesses.

85. **Importance of accuracy in specifications.**—The correct statement of the detailed description of the invention and of the claim is of very great im-

[39] Wilson v. Coon, 18 Blatch. 532 (U. S.).

portance. The validity of the patent depends on them. In any suit on the patent every word in the description and claim is usually closely scrutinized. The essential idea of a patent is that it is a contract between the inventor and the public by which the inventor, in consideration that the exclusive use of his invention is secured to him for a limited time, confers upon the public the knowledge of the invention and the right to use it after that time. It is, therefore, essential that the description shall fully explain the invention, and that the claim shall precisely claim the invention, so that the public may know during the life of the patent exactly what is and what is not protected by it, and may be able to use it, after the patent has expired, from the description in the patent alone, without the exercise of any inventive skill. Any false suggestion or an intentional concealment of any feature of the invention in the description makes the patent void. Even if unintentionally the description is not sufficiently clear to enable a person skilled in the art to make and use the invention, the patent is void.[40] The detailed description must be so full, clear, concise and exact as to enable persons skilled in the art in which the invention is claimed, after reading it, to perform the invention, if it is an art or process, or to make and use the invention, if it is a machine, manufacture, composition of matter or design. The phrase "a person skilled in the art or science" includes persons of ordinary skill, such as trained workmen or mechanics. The phrase is not confined to

[40] Carr v. Rice, 1 Fish. Pat. Cas., 198 Fed. Cas. 2440.

the most eminent scientists or the most competent experts.[41]

If terms of the art well known to persons skilled in the art are employed, it is not necessary to give such a description of them as would be necessary in the case of an unskilled person. In the case of Loom Co. v. Higgins,[42] Judge Bradley, in the opinion, says: "When an astronomer reports that a comet is to be seen with the telescope in the constellation of Auriga, in so many degrees of declination, and so many hours and minutes of right ascension, it is all Greek to the unskilled in science; but other astronomers will instantly direct their telescopes to the very point in the heavens where the stranger has made his entrance into our system. They understand the language of their brother scientist. If a mechanical engineer invents an improvement on any of the appendages of a steam-engine, such as the valve-gear, the condenser, the steam-chest, the walking-beam, the parallel motion, or what not, he is not obliged, in order to make himself understood, to describe the engine, nor the particular appendage to which the improvement refers, nor its mode of connection with the principal machine. These are already familiar to others skilled in that kind of machinery. He may begin at the point where his invention begins, and describe what he has made that is new, and what it replaces of the old. That which is common and well known is as if it were written out in the patent and delineated in the drawings.

[41] Tannage Patent Co. v. Zahn, 66 Fed. 986.
[42] 105 U. S. 580.

"Applying these remarks to the specification before us, and recurring to the extract already made, setting forth the nature and object of the invention, it is easy to conceive that its meaning may be plain to those for whose use it is intended. They know at once what is meant by the terms 'reciprocating or driving slide,' 'sliding-bar,' 'withdrawing and inserting devices,' 'trough,' 'wire,' 'wire-box,' 'lay,' etc. They also understand the movements referred to, and the objects to be attained by each device."

The description must state the invention, the manner of making it, and the mode of using it. If the invention is for a new improvement on an old process or thing, it should clearly show what is new, as distinguished from what is old. In the description of a combination each element must be specifically described, those which are new distinguished from those which are old, and the whole combination must be also described. If the description states clearly the invention and the practical method of using it, it is immaterial whether the inventor understood the scientific theory of his invention. If he states inaccurately the theory of his invention it is immaterial, provided he explains clearly how to produce the correct result. In United States Mitis Co. v. Carnegie Steel Co.,[43] Judge Acheson, in the opinion, says: "The specification unnecessarily contains a scientific theory with respect to the action of the aluminium. It was the supposition of the inventor that the aluminium acted to lower the melting point of the mixture, and thereby render it more fluid. This is not now the gen-

[43] 89 Fed. 343.

erally accepted explanation of the phenomenon which follows the addition of the aluminium to the molten metal. The prevalent opinion among metallurgists is that the aluminium acts here as a deoxidizing agent. It matters not, however, that the patentee may have been mistaken in stating the rationale of his process. He fully described the invention itself, and its practical results, and gave sufficient direction for putting it into practical use, and the law requires nothing more."

86. **Importance of the claim.**—The claim is the most essential thing in the patent so far as the inventor's rights are concerned. He can only have a monopoly of what he claims.[44] The thing claimed and nothing else is what is patented. If the description shows an invention which is not claimed it is not patented. If a claim is for an invention not shown in the description, it is invalid. The description of an invention not claimed may indicate that it is old or abandoned, but a new patent or a reissued patent may sometimes be taken out for it later.

87. **Claims must be precise.**—Every claim must be for a single invention. It must precisely define the invention claimed. The claim must correspond with the invention. The phrase "substantially as described" and similar phrases often inserted at the end of claims have no real meaning. A claim must not be for a mere function or effect. A claim must be for a practical operative means constituting a concrete invention. Claims in patents should not be unnecessarily multiplied or stated vaguely. It

[44] McClain v. Ortmayer, 141 U. S. 419.

is the common practice of some solicitors in drawing claims to try to make them elastic by vague terms, and to cover everything by many claims, stated with slight modifications. Such a practice is objectionable, and simply indicates that the draughtsman lacks, and is conscious that he lacks, a capacity for clear and exact statement. A new implement may be claimed separately, although it can only act in combination with other apparatus, as for example, the Howe patent for the sewing machine needle.

88. **Drawings and models.**—Drawings are required by the statute to be furnished by applicants whenever the invention admits of representation by drawings. All machines and designs, most manufactures, and sometimes processes and compositions of matter, may be illustrated by drawings. Models were required until the Act of 1836, when they were dispensed with. They are not now furnished unless the Commissioner requires them. The statute provides the same rule in regard to specimens and compositions of matter. Specimens are now usually not required, but compositions of matter, especially chemical compositions of an unusually complicated character, are generally required.

89. **Examination of applications.**—After an application is duly filed and referred to an examiner, he examines it, and if any amendments or objections are necessary, he suggests them by correspondence with the applicant or his attorney. If amendments are suggested or objections made, the applicant either acquiesces and abandons the application, or amends it, or refuses to acquiesce. If ultimately the exam-

iner is satisfied, he decides in favor of a patent, and, if not, he rejects the application.

90. **Appeals.**—If the application is twice rejected, the applicant may appeal from the decision of the primary examiner to the Board of Appeals, which is made up of the Commissioner of Patents, the assistant commissioners and the examiners in chief. If any applicant is dissatisfied with the decision of the Board of Appeals, he may appeal to the U. S. Court of Customs and Patent Appeals, in which case he waives his right to proceed by suit in equity in United States courts to compel the Commissioner to issue a patent, which otherwise is the final step available in the issuance of a patent.

CHAPTER V.

INTERFERENCES—GRANTS OF PATENTS—DISCLAIMERS—REISSUES.

91. **Interferences.**—An interference is a judicial proceeding in the Patent Office to determine the question of priority of invention between two or more parties.

An interference can only be instituted between two or more pending applications, or between a pending application and an unexpired patent. If two or more patents have been issued for the same invention the rival patentees must seek their remedies in the courts, not in the Patent Office. The jurisdiction of the Patent Office is based on the necessity of its determining whether a pending application shall be granted. Before an interference, the Patent Examiner passes on the question whether the applicant is entitled to a patent as against the public; i. e., whether the application is barred by lack of novelty, utility, etc. If it is not barred, each party is notified of the interference, and a trial takes place before an examining board of three examiners of interferences to determine the question of priority. From its decision an appeal may be taken to the U. S. Court of Customs and Patent Appeals or by way of equity, as in the case of any other patent.

92. **Effect of decision on interference.**—The final judgment in interference cases is conclusive in the

Patent Office as to priority of invention. Such judgment is not conclusive in the courts in case of litigation on the patent issued, but is usually followed on the question of priority.

In Morgan v. Daniels,[45] Judge Brewer, in the opinion, states: "Where the question decided in the Patent Office is one between contesting parties as to priority of invention, the decision there made must be accepted as controlling upon that question of fact in any subsequent suit between the same parties, unless the contrary is established by testimony which in character and amount carries thorough conviction."

93. **Grant of patents.**—The form of a patent as granted is very simple. It is issued in the name of the United States, under the seal of the Patent Office, signed by the Commissioner or Assistant Commissioner, and consists of a short title or description of the invention, and a grant to the patentee, his heirs or assigns, of the exclusive right to make, use and vend the invention throughout the United States for the period allowed by law.

94. **The term of patents.**—The term of a patent is 17 years unless it has been previously patented in a foreign country, in which case it formerly expired at the same time as the foreign patent. The principle was to permit the American people to use an invention as soon as a foreign people. At present an American patent must be applied for within one year after the application for a foreign patent, except in the case of a design patent which must be applied for within six months.

[45] 153 U. S. 120.

95. **Notice of patent stamped on patented articles.**—The law requires that all patented articles shall be stamped, or, when this is impracticable, shall have a label attached to the article or the package enclosing it, with the word "Patented" with the number of the patent, as a notice to the public.[46] If this law is not complied with, only nominal damages can be recovered against an infringer, unless it is affirmatively proved that he had notice, before infringement, that the article was patented. But a failure to stamp is no bar to an injunction.

96. **Penalties for stamping unpatented article.**—Stamping an article patented which is not patented, or by an infringer when it is patented, is prohibited, under the penalty of a fine of $100 and costs to be recovered in a qui tam (informer's) action in the United States District Court, one-half of the recovery being paid to the plaintiff and one-half to the United States.[47]

97. **Disclaimers.**—If a patentee, through inadvertence or mistake, and without any fraudulent intention, has claimed more in his patent than he has invented, he can disclaim such part of the patent.[48] The patent will be valid for what he has invented; but if no disclaimer has been entered before suit brought, no costs can be recovered, and if the entry of the disclaimer is unreasonably delayed after discovery of the mistaken claim, no suit can be maintained on the patent at all. Such disclaimer must

[46] U. S. R. Co. St., § 4900.

[47] U. S. R. Co. St., § 4901.

[48] U. S. R. Co. St., §§ 4917, 4922; Hailes v. Albany Stove Co., 123 U. S. 582.

be in writing, duly witnessed and filed in the Patent Office. It then becomes part of the specification. If the original claim was willfully fraudulent and deceptive, a disclaimer will not validate the patent.

98. **Reissues.**—If a patentee, through similar inadvertence, etc., has not correctly claimed his invention, or his specification is defective or insufficient, he can surrender his patent and obtain a reissue of it with an amended claim or specification.[49] A patent, to be the subject of a reissue, must be invalid or inoperative. A reissue simply to correct an insufficient specification must be had within a reasonable time.

99. **Broadened reissues.**—When an inventor has produced and described two or more inventions, so allied that they can be included in one patent, but has claimed only one, or only claims his invention in combination with something else, the patent is inoperative as to the invention not claimed. These defects can be remedied by a reissue. Such a reissue is called a broadened reissue. It broadens the original patent. Such reissues can only be had if applied for within a reasonable time after the grant of the original patent.[50]

100. **Suits while reissue pending.**—A patent cannot be enforced while an application for a reissue is pending. If reissued, the original patent is surrendered, and pending suits on it are barred; if reissue is refused, the original patent remains unaffected.

[49] U. S. R. Co. St., § 4916.

[50] Coon v. Wilson, 113 U. S. 268; Topliff v. Topliff, 145 U. S. 156; Miller v. Brass Co., 104 U. S. 350.

101. **Effect of reissue on judgments.**—No damages or profits can be recovered for infringement of a surrendered patent prior to its cancellation, by a judgment rendered thereafter. But money paid or recovered before cancellation cannot be recovered back. Nor will a judgment entered before cancellation be affected by cancellation.

Only the invention described in the original letters patent, and which appears therein to have been intended to be secured thereby, can be covered by a reissue. A reissue, therefore, cannot stand on models or drawings alone. The description in the original patent with the drawings and models must show that the invention claimed in the reissue was intended to be covered by the specifications and claims in the original patent.

102. **Date of reissued patent.**—A reissued patent is assumed for most purposes to date from the date of the original patent. For example, nothing that has occurred since the original patent will support the defense of prior use or of lack of novelty. Persons who have made or bought, before reissue, things not covered by the original patent, but which are covered by reissue, cannot use or sell them after reissue. They are then infringers.

103. **Reissues for inventions not originally made.**—The real office of a reissue is to correct faults of statement in a patent. There are frequent attempts to use a reissue to claim an invention not made originally. Patentees frequently find, after they have brought suits, that the defenses interposed are insuperable, and then apply for reissues so as to claim

inventions not thought of when the original patent was applied for. But such a reissue, if granted, is invalid.

In the case of Leggett v. Avery,[51] Judge Bradley, in the opinion, states: "The allowance of claims once formally abandoned by the applicant, in order to get his letters-patent through, is the occasion of immense frauds against the public. It not unfrequently happens that, after an application has been carefully examined and compared with previous inventions, and after the claims which such an examination renders admissible have been settled with the acquiescence of the applicant, he, or his assignee, when the investigation is forgotten and perhaps new officers have been appointed, comes back to the Patent Office, and, under the pretense of inadvertence and mistake in the first specification, gets inserted into reissued letters all that had been previously rejected. In this manner, without an appeal, he gets the first decision of the office reversed, steals a march on the public, and on those who before opposed his pretensions (if, indeed, the latter have not been silenced by purchase), and procures a valuable monopoly to which he has not the slightest title. We have more than once expressed our disapprobation of this practice."

[51] 101 U. S. 256.

CHAPTER VI.

TRANSFER OF PATENTS—INFRINGEMENT.

104. **Nature of property in patents.**—Patents are property but of a peculiar kind. They cannot be taken on execution on a common law judgment, but they can be ordered transferred in equity for the benefit of creditors. By the Bankruptcy Act they are assets in bankruptcy which pass to a trustee.

105. **Assignments.**—An assignment of a patent transfers the entire title or an entire undivided share in the title.[52] Assignments must be in writing. They may be on conditions, as that a royalty be paid, or that sufficient articles be made to supply the demand, or that the assignee shall not assign or license, or on any legal condition. If the condition is not complied with, the title reverts to the assignor. Assignments not recorded in the Patent Office within three months are invalid against any subsequent purchaser or mortgagee, for a valuable consideration, without notice.

106. **Grants.**—A grant of a patent is a conveyance in writing of the entire right or an entire undivided interest therein, within a certain specified portion of the territory of the United States. The grant must be territorial.[53] A grant cannot be made of one of several inventions covered by a patent.

[52] Gayler v. Wilder, 10 How. 477 (U. S.).
[53] Potter v. Holland, 4 Blatch. 206 (U. S.).

107. **Licenses.**—Any conveyance of a right under a patent which does not amount to an assignment or a grant is a license.[54] A conveyance of any one or two of the rights to make, use and sell is a license. An exclusive conveyance of some, but not of all, of the claims of a patent is a license.

A license to make implies a right to use or to sell, but a license to use or to sell alone does not imply a license for the other rights. Restrictions on methods or purposes of use, and in respect to prices, and conditions of selling, and requiring particular articles to be used or purchased from licensor, are valid.

108. **Licenses not required to be recorded.**—A license does not require to be recorded. The first license is good against the world. Subsequent purchasers of the patent and subsequent licensees take subject to prior licenses, whether known or not. A license from one of several joint owners is good. A licensee cannot assign his license unless expressly authorized to do so.

109. **Infringement.**—A patent is infringed by any person who makes, uses or sells the invention patented without authority from the patentee.

A patent for a process is infringed when one without ownership or license uses substantially the process claimed. If he uses substantially the apparatus and the materials or their equivalents he infringes. If one or more of the series of acts constituting the process is omitted and no equivalent substituted, it is not infringement. But a mere addition to a process, even if it results in improvement, constitutes

[54] Waterman v. Mackenzie, 138 U. S. 255.

infringement. To use any invention described but not claimed in a patent is not infringement.

110. **Infringement of machine patents.**—A machine or manufacture is infringed by another machine or manufacture when it performs the same functions in substantially the same way. The result is not the sole test. If the result is accomplished by different means, no infringement occurs.

111. **Infringement of combination patents.**—In a combination patent, omission of one element of the combination prevents infringement. Combination patents and all patents imply a claim for equivalents.

112. **Primary and secondary inventions.**—Primary inventions perform a function never before performed. Secondary inventions perform a function performed before, but in a new way. Both kinds can only be infringed by inventions which perform the same functions. But the provision that they must be performed in substantially the same way is applied liberally in the case of primary inventions, and narrowly in secondary inventions.

113. **Infringement of patents for compositions of matter and for designs.**—In a patent for a composition of matter the entire omission of an ingredient avoids infringement. But substitution of equivalents does not. In a design patent the test of infringement is appearance. If the two designs appear alike, the patent is infringed. On all questions of infringement the defendant's ignorance of the patent is immaterial.

114. **Contributory infringement.**—Contributory infringement is intentional coöperation in separate

transactions which collectively constitute infringement. Thus, a person who manufactures parts of a machine, knowing that the machine is to be sold, and that its sale will infringe a patent, is himself an infringer.[55]

115. **Right of patentee to impose restrictions.**—A patentee can impose restrictions on the purchaser of a patented article, such as requiring the purchaser to purchase from the patentee articles necessary to use with the patented article.[56]

[55] Elizabeth v. Pavement Co., 97 U. S. 126.
[56] Henry v. Dick Co., 224 U. S. 1.

CHAPTER VII.

JURISDICTION OF COURTS IN PATENT CASES.

116. **Jurisdiction of federal courts exclusive in patent suits.**—The federal courts have exclusive jurisdiction of all suits arising under the patent laws. State courts have no such jurisdiction. Formerly all actions at law and suits in equity arising under the patent laws must have been brought in the United States Circuit Courts, and qui tam actions, to recover penalties for misbranding articles as patented, in the district courts. Now, under the recent act transferring the jurisdiction of the circuit courts to the district courts, all such suits must be brought in the United States District Courts.

117. **Jurisdiction of state courts exclusive in suits on contracts relating to patents.**—But the state courts have exclusive jurisdiction of actions on contract between private parties relating to patent rights, unless the action be between citizens of different states.

118. **Actions for infringement.**—Actions for infringement of patents must be brought in the district in which the defendant is an inhabitant, or in a district in which the defendant, whether a person, firm or corporation, has committed acts of infringement and has a regular and established place of business. Actions for infringement may be brought by the

owner, assignee or grantee of a patent, but usually not by a mere licensee. An exclusive licensee, however, must be joined with the owner in a suit in equity for an injunction.

119. **Actions at law and suits in equity for infringement.**—The remedies for the infringement of a patent are: 1. Actions at law for damages. 2. Suits in equity for an injunction and an accounting for profits and damages.

120. **Actions at law for infringement.**—Actions at law for infringement are carried on under the usual rules of pleading and procedure in common law actions. Injunctions cannot be obtained in such actions. Only damages for past infringements can be recovered, not the defendant's profits. The measure of damages is an established uniform royalty or a fixed price. A single license on a royalty or a single sale at a price affords insufficient proof on which to base damages. Damages for infringement of part of a patent are equitably apportioned. When no specific damage can be proved nominal damages are allowable. But the statute relating to design patents provides that $250 shall be the minimum damages for infringement of a design patent. The jury cannot give exemplary damages. The judge can increase the damage fixed by a jury to an amount not exceeding three times the verdict.

121. **Suits in equity for infringement.**—The principal function of a suit in equity for infringement is to restrain by injunction future infringements. Whenever an injunction is proper, a court of equity, in order to avoid a multiplicity of actions, will take

an account of the profits which the defendant has made by infringing the complainant's patent, and compel the defendant to pay them to the complainant.

The defendant is always regarded in equity as a constructive trustee of the profits. And whenever the court takes an account of profits, it can also assess the damages and order them paid. But if the profits exceed the damages the court will only order the profits paid; and if the damages shown are equal to or exceed the profits, the court will order the amount of the damages paid, or an amount not exceeding three times such damages.

122. **Practice in equity suits.**—Equity suits for infringement are carried on generally with the usual pleadings and procedure in equity practice substantially as it existed in the English Court of Chancery at the time of the adoption of the Constitution, except as modified to some extent by the equity rules of practice prescribed by the Supreme Court and by statutes.

The evidence in former times was usually taken out of court before an examiner. But according to the rules of the United States Supreme Court which have been in effect for some time, evidence in equity cases is taken orally in open court on the trial unless a special order has been obtained authorizing the evidence to be taken before an examiner, as under the former practice.

If the court finds the patent valid and infringed, it enters an interlocutory decree to that effect and for an injunction, and appoints a master to take an

account of the profits and damages, and on his report a final decree is entered.

123. **Preliminary injunctions.**—Preliminary injunctions are not usually granted in patent suits unless there has been a previous adjudication in a contested case establishing the validity of the patent. In any case there must be clear proof of the complainant's right to sue, of the validity of the patent and of infringement to authorize a preliminary injunction. In the case of a primary patent a previous adjudication is not always necessary. A prior judgment at law is, of course, equally as valuable for the purpose of establishing the validity of a patent as is a decree in equity.

124. **Damages.**—In an action at law for damages no damages can be proved later than the beginning of the action. In a suit in equity evidence may be given of profits and damages down to the date of the final decree, or at least to the date of the master's report.

125. **Suits in equity not maintainable after expiration of patent.**—A suit in equity cannot be brought after the patent has expired. No injunction can then be granted, and the right to recover profits, being incidental to the jurisdiction to sue for an injunction, ends when the jurisdiction ends. But a suit in equity begun in good faith before the expiration of a patent can be carried on for an accounting after the patent expires. But if suit in equity is brought so near the expiration of the patent that no action can be taken by the court until after its expiration, the suit cannot be maintained.

BIBLIOGRAPHY.

The leading English treatises on patents are *Cunnyngham* on Patents, an excellent treatise, and *Higgins & Jones'* Digest of Patent Law and Practice, a convenient manual.

The leading American treatises on Patents are those by *Curtis, Walker, Robinson* and *Hopkins.*

Curtis on Patents is an admirable book, now somewhat antiquated. *Walker* on Patents is an excellent concise statement of the law. *Robinson* on Patents is a full and valuable treatise on patent law. *Hopkins* on Patents is a very recent book of much merit.

NOTE.

As happened after World War I, Congress has provided for the extension of the term of certain patents of persons who served in World War II. Military service, as a rule, does not permit an inventor to develop or market his invention, so this special legislation is designed to protect the rights of veterans who owned or had interests in patents when they entered military service. The patent term for such inventors is extended by twice the length of the applicant's service between December 7, 1941, and September 2, 1945.

QUIZ QUESTIONS

PATENTS

(The numbers refer to the numbered sections in the text.)

1. When did modern invention begin to develop?
2. State the characteristics of a great modern inventor.
3. To whom did Lord Bacon in his book, "Novum Organum," compare an inventor?
4. State the basis of the modern patent system.
5. Why is patent practice interesting?
6. Explain the origin of patent monopolies.
7. What was the Hanseatic League?
8. What was the effect of the settlement of the Hansards in England?
9. What was the difference between letters patent (*literae patentes*) and writs close (*literae clausae*)?
10. What are government grants in this country called?
11. When was the Statute of Monopolies passed in England?
12. State the substance of the exception in the Statute of Monopolies which authorized English patents.
13. Were colonial patents issued in this country before the Revolution?
14. Why were few patents granted before the 19th century?
15. When was the first American patent act passed?
16. Up to what time did the government issue patents without investigation?
17. What was the substantial system of the Patent Act of 1836?
18. State some of the differences between the patent laws of this country and of foreign countries.
19. Is the patentee in this country required to use or permit the use of his patent?

20. What is the presumption of the validity of a United Stat patent?
21. State in substance the rate of growth of United States pa ents since 1790.
22. State the constitutional provision authorizing patents.
23. Is the constitutional provision operative without legisl tion?
24. May states issue patents?
25. Could Congress grant a patent for an unlimited time?
26. Could Congress authorize the grant of a patent to the intr ducer of a new art who had not invented it?
27. State the difference in the patent law between inventi and discovery.
28. Is the discovery of a natural force patentable?
29. Describe the eighth claim in Morse's patent for the tel graph.
30. What is invention within the meaning of the constitution provision?
31. Must invention be the result of a prolonged mental action
32. When has invention become complete in the sense of th patent law?
33. What are the subjects of patents under the English law?
34. What were originally the subjects of patents under th earlier American statutes?
35. What are now the subjects of patents under the America law?
36. State the requisites of patentable invention under th American law.
37. What is an art?
38. What is the distinction between a patent for a process an for a natural principle?
39. What are the advantages of a process patent?
40. What is a machine?
41. What is the difference between a process and a machine?
42. What is manufacture?
43. Can a patent issue for a process and for the manufac tured result of the process?
44. What is a composition of matter?
45. What class of designs are patentable?
46. What is the essential requisite of a patent for a design?

47. Can there be a valid patent for the shape of an article of utility?
48. What two ideas are involved in a patent for an improvement?
49. What is the difference between improvements in simple inventions and in combinations?
50. Does a patent for an improvement protract the original patent?
51. Can a patent be issued for an invention not new in fact but new to the applicant?
52. What was the English rule in respect to the place in which there must have been no prior knowledge of the invention?
53. Under the American law in what locality does prior knowledge invalidate the patent?
54. Is there a legal presumption that an inventor knew of the public use or sale of any invention in foreign countries?
55. Will an incomplete prior use invalidate the patent?
56. Can a valid patent be taken out in this country if the invention has been before patented or described in a printed publication in any part of the world?
57. Can a private patent issued abroad invalidate an American patent?
58. Is a second patent issued to the same patentee for the same invention valid?
59. What is a printed publication within the meaning of the patent laws?
60. Is a business circular sent only to persons in a particular trade a publication?
61. Is publication proved by the existence of a single copy in a public library?
62. Is the date of publication printed in a book conclusive?
63. Is testimony admissible to show that the description in a prior patent or publication is not accurate?
64. Is a prior incomplete publication sufficient?
65. What is the rule for determining the date of an invention?
66. Is a patent valid for a machine which will not work?
67. Is a patent valid for a gambling machine?
68. Is the extent of utility material in a patent?
69. Why is the question whether an invention has utility difficult in suits on paper patents?

70. What is the effect of the abandonment of a patent?
71. What is the effect of a cancellation of a claim for an inve tion in an application pending in the Patent Office?
72. What is the constructive abandonment of an invention?
73. Can a patent be abandoned by non-user?
74. What is the present rule as to the abandonment of inve tions patented abroad and not patented in this country?
75. Who can apply for a patent?
76. Describe the organization of the Patent Office.
77. State the practice as to examinations in the Patent Offic
78. State the requisites for appearing as an attorney in t Patent Office.
79. What was a caveat, and when was it abolished?
80. State the substance of the form for an application for patent.
81. State the substance of an applicant's oath in an applic tion for a patent.
82. May an application be made for a patent for an inventio for which a previous patent has been issued to anoth person?
83. State the rule as to joinder of separate inventions in on patent by the Patent Office and the courts.
84. State the substantial requisites of the specifications.
85. Why is it essential that the description shall fully explai and the claims precisely claim the invention?
86. Is an invention shown in the description but not claime patented?
87. May there be a valid claim for a mere function?
88. What is the present rule in regard to the necessity of fur nishing drawings or models?
89. What is the usual method of the examination of applica tions for patents?
90. If an application is rejected what appeals may be taken
91. What is an interference?
92. What is the effect of a decision in the Patent Office in a interference case?
93. State the substance of the form of a patent as granted.
94. What is the term of a patent in this country?
95. What notice is required to be stamped on a patented article?

96. What is the penalty for stamping an unpatented article?
97. What is a disclaimer?
98. What is a reissue?
99. What is a broadened reissue?
100. May a patent be sued on when an application for a reissue is pending?
101. What is the effect of a reissue on judgments in suits on the original patent?
102. What is the date of a reissued patent?
103. May a reissued patent claim an invention not made originally?
104. How may property in patents be reached by suits?
105. What is an assignment of a patent?
106. What is a grant of a patent?
107. What is a license of a patent?
108. Must a license be recorded?
109. What constitutes infringement of a process patent?
110. What constitutes infringement of a machine patent?
111. What constitutes infringement of a combination patent?
112. What is a primary invention?
113. What is the test of invention in a patent for a design?
114. What is contributory infringement?
115. What right has a patentee to impose restrictions on the purchaser of a patented article?
116. What courts have exclusive jurisdiction of suits under the patent law?
117. What courts have exclusive jurisdiction of suits on contracts relating to patents?
118. In what district must a suit for infringement be brought?
119. What are the remedies for the infringement of a patent?
120. Can an injunction be obtained in an action at law for infringement?
121. What is the rule in a suit in equity for infringement as to recovery of damages and profits?
122. How is the evidence taken in equity suits?
123. When is a preliminary injunction granted in patent suits?
124. What is the rule as to damages in actions at law and in suits in equity for infringement?
125. Can a suit in equity be maintained after the expiration of a patent?

PART II

TRADEMARKS

BY

WILLIAM L. SYMONS, LL.M., M.P.L.*

CHAPTER I.

ORIGIN AND DEVELOPMENT OF TRADEMARK LAW.

1. **Definition of a trademark.**—A trademark has been defined as one's commercial signature for his goods.[1] The Supreme Court of the United States defined this class of property as: "A distinctive mark of authenticity through which the products of particular manufactures or the vendible commodities of particular merchants may be distinguished from those of others. It may consist in any symbol or in any form of words, but as its office is to point out distinctively the origin or ownership of the article to which it is affixed, it follows that no sign or form of words can be appropriated as a valid trademark, which, from the nature of the fact conveyed by its primary meaning, others may employ with equal truth, and with equal right for the same purpose."[2]

Examples of well-known trademarks are "Ivory" as applied to soap; "Kodak" for cameras; the pic-

* Lecturer on Trademark Law, Washington College of Law. Former examiner in the United States Patent Office; former member of the Board of Pension Appeals. Author of various articles on patents and copyrights.

1 Leidersdorf v. Flint, 8 Biss. 327 (U. S. C. C.).

2 Elgin National Watch Co. v. Illinois Watch Case Co., 179 U. S. 665.

ture of a Viennese waitress for cocoa; the representation of an arrow or the word "Arrow" as applied to collars; the picture of a Quaker for cereal foods, and the picture of a bull for tobacco. In some instances the owners of celebrated trademarks do not place their own names on their goods, but only their marks; the public identifies the goods desired by the marks, and not by the producers' names.

It is to be noted that a label is not a trademark; nor is a peculiar form of package. A bottle, for instance, of distinctive shape and appearance, has been held not a registrable trademark.[3]

The word "trademark" is commonly used in connection with the mark as a notice to the public, but this is not necessary to the validity of the mark.

2. **Trademark, patent and copyright distinguished.**—Exclusive right to an invention which has been disclosed to the public is created by federal statutes through the grant of a patent. Without the protection afforded by the patent laws, the right to make a new structure, or to practice a new art, would be open to all who fairly obtained knowledge of it. The right of a patentee to prevent anyone from making, using, or selling the thing claimed in a patent is limited to seventeen years.

The right to a trademark is not created by any statute; it is a common law right and depends upon use. A trademark is usually not a new word or symbol, but is an ordinary existing word or device. Some trademarks are coined or "invented" words, but they are not protected because of the ingenuity displayed

[3] Dunkley Celery and Preserving Co., 34 Official Gazette, Patent Office, p. 310.

in creating them, but because of their adoption and use in trade. The right to a trademark is not limited in time, but lasts as long as the mark is used.

The right of property known as a copyright, which is created by statute, is also clearly distinguishable from a trademark. A published intellectual work, if not copyrighted, is open to the world. By complying with the provisions of the copyright law, protection is secured for twenty-eight years, with the right of renewal for the same period under certain circumstances. The right to a trademark is not created by nor does its existence depend upon any statute.

3. **Attributive and declaratory laws.**—The text books and the decisions on the subject of trademarks often refer to "attributive" and to "declaratory" trademark laws.[4] Under an attributive law, which is the character of law in force in Germany and Great Britain, a property right in a mark is secured by registration and continues while the registration is in force. Right to a mark under this form of law depends upon priority of application for registration. A merchant who desires to adopt a mark has a search made of the register of marks kept in the proper government office to see if it is registered. If not, he feels he may adopt it without fear that someone else has a right to it. After his mark has been upon the government register for a specified number of years, his right to it is absolute in the absence of fraud in obtaining registration.

A declaratory law enables owners to register or declare their claim of right to their marks in some

[4] Greeley, Foreign Patent and Trademark Laws, § 143 and following.

government office. This registration does not secure to the registrant an absolute, exclusive right to his mark; it gives him a prima facie right, but this may be overcome by someone else showing an earlier date of adoption and continuous use. Declaratory laws usually confer some advantages such as triple damages, and registration serves as a public notice of a claim to the mark. Under this form of law priority of adoption and use determines the right to the mark.

The federal and almost all state trademark laws in this country are declaratory laws. The right to a trademark is not created by registration under any statute, but results from use in connection with some article of commerce.

4. **Is a trademark a monopoly?**—A trademark is not a monopoly in the sense in which this term is properly used. It does not prevent anyone from making and selling the same kind of goods as those on which a certain mark is used. It merely prevents anyone else from using a particular identifying mark. Anybody can make soda crackers just like those on which a well-known mark is used, but the well-known mark may not be placed on those crackers. Instead, therefore, of being a means of working harm and an instrument of extortion, a trademark enables purchasers, if the mark is not copied by those who put up inferior or different goods, to be sure that they are obtaining just the goods desired.

5. **Early use of trademarks.**—The use of trademarks is not a modern innovation; it is probably as old as commerce. Historians agree that references to the use of trademarks are often found in the doc-

uments pertaining to the history of the early commercial nations, and the excavations carried on in Rome, Greece, and Egypt disclose identifying marks on many articles of merchandise.

The necessity for the use of a distinctive mark of origin or ownership in early days was even greater than today. Now most purchasers of goods can read; two thousand years ago very few possessed this accomplishment. A guaranty printed on the package or goods and signed by the producer will now be generally understood. In the dark ages very few would have understood such a writing. The picture of a bird, a star, or a flower was, however, easily recognized. A crude picture which a certain manufacturer put on his goods soon became well known and enabled all who desired those goods a second time to identify them by the picture. The trademark, therefore, played an important part in early commercial life. It enabled the producer to keep what reputation he gained for his goods and prevented the purchaser from being deceived.

6. **Instances of early use.**—Long before the Christian Era the Chinese used marks on their pottery to indicate the manufacturer and the reign under which it was made.[5] The early celebrated manufacturers of books all adopted trademarks. Their books contain warnings to infringers and cautions to the public. The so-called "water marks" on paper are of early origin. It is common to find bricks obtained from excavations in Egypt and Asia Minor bearing marks which were in all probability identifying

[5] Brown, Trademarks (2d ed.), § 13.

marks. Lamps, pottery, cutlery, and similar articles used in ancient Rome bore trademarks. There is considerable evidence that trademarks were used by the ancient commercial nations to as great an extent as they are used today.

7. **First English trademark cases.**—The first English trademark case of which there is any account is the case of Southern v. How, which was tried in 1590. There are different accounts of that case, but they are substantially to this effect. A clothier had gained great reputation for his cloth, which he was accustomed to mark with a certain mark. Another clothier placed the same mark upon his inferior cloth and sold it as the cloth of the original user of the mark. It was held that damages could be recovered for the deception which had been practiced.

The law of trademarks, however, grew slowly, and in 1742 we find an English judge refusing to grant an injunction to prevent one trader from selling his trademarked goods as the goods of another on the ground that this would lead to mischievous consequences. But Lord Mansfield, in the year 1783,[6] laid down the doctrine in unfair competition and trademark cases that now prevails; that is, that for one trader to pass off his goods as the goods of another is a fraud which will be prevented. In 1838[7] it was held by an English court that relief against the wrongful use of a fanciful mark would be given even if fraud was not shown to exist. A trader is

[6] Singleton v. Bolton, 3 Doug. 293 (Eng.).
[7] Millington v. Fox, 3 Myl. & Cr. 338 (Eng.).

entitled to protection against the use of his mark, if it is an arbitrary mark, even if it is used without any knowledge of its former use.

8. **Report of Thomas Jefferson.**—None of the thirteen original colonies appears to have passed any trademark laws. It is true that the local statutes did require the marking of such goods as tobacco, flour, pork, etc., but these markings were made for the purpose of identification before the goods were sold or shipped.

That there was no attention given to the subject of trademarks does not seem peculiar when the fact is taken into consideration that the mother country prohibited, in every way possible, any manufacturing in the Colonies. The settled policy of Great Britain was to discourage the production of manufactured articles in any of the Colonies.

No reference is found in the Constitution to the subject of trademarks. While Thomas Jefferson, however, was Secretary of State, he made a report to the House of Representatives on the petition of Samuel Breck praying that the right to the exclusive use of particular marks for his goods be given by a statute of the United States. This report is dated December 9, 1791, and because of the clearness and lucidity with which the fundamental principles of trademark law are set forth, it merits careful consideration. The report is as follows:

"The Secretary of State, to whom was referred by the House of Representatives the petition of Samuel Breck and others, proprietors of a sailcloth manufactory in Boston, praying that they may have the

exclusive privilege of using particular marks for designating the sailcloth of their manufactory, has had the same under consideration, and thereupon

Reports, That it would, in his opinion, contribute to fidelity in the execution of manufactures to secure to every manufactory, an exclusive right to some mark on its wares proper to itself.

That this should be done by general laws, extending equal right to every case to which the authority of the Legislature should be competent.

That these cases are of divided jurisdiction: Manufactures made and consumed within a State being subject to State legislation, while those which are exported to foreign nations, or to another state, or into the Indian Territory, are alone within the legislation of the General Government.

That it will, therefore, be reasonable for the General Government to provide in this behalf by law for those cases of manufacture generally, and those only which relate to commerce with foreign nations, and among the several States, and within the Indian tribes.

And that this may be done by permitting the owner of every manufactory to enter in the records of the court of the district wherein his manufactory is, the name with which he chooses to mark or designate his wares, and rendering it penal in others to put the same mark to any other wares." (Jefferson's Complete Works, Washington, 1854, vol. 7, 563; Am. State Papers, vol. 14, p. 48.)

9. **Trademark law and cases in the United States prior to 1870.**—No law was passed by any of the

states of the Union for the protection of trademarks until 1845, when the state of New York enacted a law to prevent the use of false stamps and labels.

What is referred to as the first trademark case is the case of Snowden v. Noah.[8] This case was decided in 1825 and involved the right to the exclusive use of the words "The National Advocate," as applied to a newspaper. In this decision it is pointed out that no one has a right to use a mark which would enable his goods to be passed off as the goods of another. The court, however, said that the mark "The New York National Advocate" was not an infringement of the mark "The National Advocate."

The next reported case on the subject of trademarks is the case of Thomson v. Winchester.[9] This is a Massachusetts case and in it the court decided that for one dealer to sell his medicine as and for the goods of another was a fraud for which the law would allow some damage.

The first trademark case in a federal court was tried in 1844, and between the date of the first trademark case and 1870 but sixty-two cases involving this subject were tried in the United States, and only six of these were brought in the federal courts.

The first bill in Congress on the subject of trademarks was introduced in March, 1860, but no action was taken at that time.

10. **Federal trademark laws of 1870-1881.**—The first trademark law passed by the Congress of the United States was approved July 8, 1870. This

[8] Hopkins' Chancery Rep. 347; Cox, p. 1.
[9] 19 Pick. 214 (Mass.); Cox, p. 7.

act provided for the registration of trademarks without respect to the character of their use; it also provided for the registration of a mark which the applicant intended to adopt and use. Certificates were granted for the term of thirty years.

This act was declared invalid by the Supreme Court of the United States in the case of United States v. Steffens.[10] The court found that it was an attempt to regulate commerce within a state and that it was, therefore, void for want of constitutional authority. It was further pointed out that sufficient warrant for the act was not found in the clause of the Constitution giving Congress the authority to promote the progress of science and the useful arts; that as a trademark did not partake of the nature of a copyright or of an invention it could not be sustained under this provision of the Constitution.

On the 3rd day of March, 1881, soon after this decision was rendered, another trademark registration act was passed which provided only for the registration of marks used in foreign commerce or commerce with the Indian tribes. The constitutionality of this act was never passed upon.

11. **Law of 1905.**—The next trademark law which superseded the Act of 1881 was passed February 20, 1905, and went into effect April 1st of that year. It differed materially from the two preceding laws, and registration was based upon interstate commerce, commerce with Indian tribes, or with foreign nations. During the first seven years of the law's existence more certificates of registration were

[10] 100 U. S. 82.

granted than in the twenty-five years between 1870 and 1905.

12. **A trade name.**—Although the distinction between a trade name and a trademark is not clearly recognized in some statutes and decisions of the courts, the difference between them is very clear, and should be kept in mind. A trade name is a name by which a business is known, or the name of the place where a business is carried on. It differs from a trademark in many respects. One of these differences is that a trade name is not applied to goods; it is merely the designation of a business or a location. It is true that some trade names if affixed or attached to goods and used as trademarks may become trademarks. The name of an orchestra, for instance, is a trade name; it is not a trademark.

The term "trademark," as hereafter used in this article when not otherwise specified, refers to a technical trademark; that is, to a mark of distinctive origin and ownership in which an exclusive right may be maintained, and not to a trade name, nor to a trademark which is protected by courts of equity on the ground of unfair competition.

13. **Unfair trade distinguished.**—Trademark law is only a particular phase of unfair trade law. Unfair trade law relates to all matters by which the trade of one person is unfairly obtained by another. Trademark law pertains to a special agency used in trade in relation to which certain rules of law have been established.

It is unfair trade for one dealer under certain circumstances to use the particular shape of bottle or

other container or the same design of label which is owned and used by another, although there may be no technical trademark right in any of these. Unfair trade may exist in the business of running a hotel or in dealing in real estate, where no question of the right to a trademark is involved. The question of unfair trade is often raised in those cases in which one trader in his business uses colors, designs, or shapes similar to those used by his neighbor. No question of trademark infringement is involved in such cases.

CHAPTER II.

WHAT CONSTITUTES A TRADEMARK AND HOW IT IS ACQUIRED.

14. **General rule.**—A word descriptive of the goods upon which it is used is not a valid mark.[11] Even if the word is not directly descriptive, if it may be fairly used to point out a characteristic or quality of the goods, it is not a good mark. A misspelled descriptive word is not a valid mark. The Supreme Court of the United States recently held that the word "Ruberoid" is not a valid mark because merely a misspelled form of the ordinary descriptive word "Rubberoid."[12] Rubberoid, the court said, as applied to a roofing material which is not rubber but of the nature of soft, flexible rubber, was a word which anyone had a right to use to describe that character of roofing. It was a word found in the dictionary. Bad spelling, the court thought, was not rare nor in some cases easily detected. A descriptive word cannot, therefore, be made a valid mark by being modified by the omission of some letters or by changing others. If the change is enough to destroy the identity of the word so that its use will not interfere with the right of another to use the descriptive word, the exclusive right to it may usually be main-

[11] Canal Co. v. Clark, 80 U. S. 311; Brown Chemical Co. v. Meyer, 139 U. S. 540; and Columbia Mill Co. v. Alcorn, 150 U. S. 460.

[12] Standard Paint Co. v. Trinidad Asphalt Mfg. Co., 220 U. S. 446.

tained. "Momaja," which is "coined" from the words Mocha, Maracaibo, and Java is a good mark for coffee. "Holeproof" as applied to stockings has been held to be a fanciful mark.

15. **Some examples of well-known trademarks.**—"Sliced Animals" for a game; "Anti-washboard" for soap; "Ideal" for a fountain pen; "Royal" for baking powder; "Queen" for shoes; "Comfort" for a publication; "Cottolene" for a substitute for lard; "La Favorita" for flour; "Cream" for rolled oats, have all been held to be valid trademarks.

Instances of invalid marks and the goods on which they are used are: "Snowflake" for biscuits; "Iron Bitters" for a medicine; "Black Package" for tea; "Standard" for scales; "Sterling" for ale; "Keepclean" for tooth brushes; "Lackawanna" for coal, and "Columbia" for flour.

16. **Generic terms.**—A "generic" term, that is, a word which is general or comprehensive in its meaning, is not a valid mark. This is true for the reason that everyone has the right to the use of such terms. Descriptive words, geographical terms, and also surnames are all generic and not subject to appropriation as trademarks. The word "Worcestershire,"[13] for instance, as applied to a sauce does not now indicate a sauce manufactured by some particular producer, nor that it is manufactured in a town of that name in England. It merely indicates a relish made according to a recognized formula. It is a word which everyone has the right to use who makes an article now designated by that name. The same may

[13] Lea v. Deakin, Fed. Cas. No. 8154.

be said of the word "Tycoon" as applied to tea.[14] This word, although registered as a trademark in the United States Patent Office, was found to be in general and common use as a designation of a particular kind of tea long before use was begun by the alleged owner of it. "English" as applied to muffins, and "German" as applied to fried potatoes, are likewise generic terms, the right to the fair use of which is open to everyone.

17. **Descriptive words.**—Anyone has a right to the ordinary descriptive words of the language and they are, therefore, uniformly held not valid as trademarks. The term "trademark" carries with it the idea of exclusiveness, and there can be no such right to a word which is open to all to point out the ordinary attributes of an article. This has been the uniform decision of all courts. The Supreme Court of the United States said that the words "Iron Bitters" were indicative of the ingredients of the medicine on which they were used, and could not be a valid mark. The fact that the word "Iron" was the name of only one of the ingredients did not render the word less objectionable as a descriptive mark. It was a word which anyone had the right to use and might desire to use. Exclusiveness of right was, therefore, lacking.

A word need not be directly descriptive in order to be open to objection as a technical trademark. "Self-loading" as applied to cartridges has been held not registrable as a trademark under the federal registration act, although it cannot be said that it di-

[14] Corbin v. Gould, 133 U. S. 308.

rectly points out any attribute of a cartridge.[15] It does indicate the kind of gun in which the cartridge is used; that is, an automatic or "self-loading" gun. "Get Well" is another instance of a mark which, although applied to a medicine, was held not a good mark.[16] The mark "No-To-Bac" for a medicine to cure the tobacco habit is a valid mark, although it is somewhat suggestive of the purpose of the preparation.[17] In that case the misspelling of descriptive words had been carried far enough to remove the objection of descriptiveness.

Letters or figures may be valid as trademarks if they are so used and are not used to indicate grade, class, style, or other characteristics. In such cases the question of the intent of the parties is all important. The letters A. C. A. were, in the case of The Amoskeag Manufacturing Company v. Trainer,[18] held to indicate a grade of cotton goods. The court said that the evidence established that the user had adopted them as a grade mark and that they were generally so recognized. This is an instance of a device which would have been a perfectly valid mark if used arbitrarily, being held not a mark to which anyone had an exclusive right. Numbers arbitrarily used as trademarks on ribbons have been held to be good marks. "303" as applied to pens is valid.

18. **Surnames.**—A surname, like Jones or Smith, is not a valid trademark for it has not the property

[15] The Winchester Repeating Arms Co. v. Peters Cartridge Co., 30 App. D. C. 505.

[16] Anti-Cori-Zine Chemical Co., 34 App. D. C. 191.

[17] Sterling Remedy Co. v. Eureka Chemical and Mfg. Co., 80 Fed. 105.

[18] 101 U. S. 51.

of exclusiveness. Anyone may fairly use his own name in his business. All that courts will do is to prevent one man from using his own name in such a manner that the public will be led to believe that his goods are the goods of another. They will not enjoin the honest use of a man's name in his business. The Supreme Court said, on the right to the use of a surname in the case of the Brown Chemical Co. v. Meyers et al.:[19]

"It is hardly necessary to say that an ordinary surname cannot be appropriated as a trademark by any one person against others of the same name, who are using it for a legitimate purpose, although cases are not wanting of injunction issued to restrain the use of one's own name where a fraud upon another is manifestly intended, or where he has assigned or parted with his right to use it."

In spite of the attitude of the courts, as stated, in some lines of trade surnames are used almost exclusively as marks on the goods produced. In the piano and organ trade the use of surnames largely predominates. Dealers are of the opinion that the public will not buy or highly regard an article in a line of trade in which it is customary to use surnames unless their goods are designated in the usual way. But there are many cases which prove conclusively that a surname is not a desirable mark to adopt.

The name of a deceased historical person has been sustained as a valid mark. "Roger Williams" as applied to cotton goods was held to be a fancy term. So also the name "Bismarck" as applied to paper

[19] 139 U. S. 540.

collars has been sustained as fanciful and has been held to be not an ordinary surname.

Whether a facsimile signature is a valid mark is a question of some doubt. Such a mark is registered by the U. S. Patent Office under the Trademark Act on the ground that it is a distinctive display of a surname and therefore a fanciful mark.[20]

19. **Geographical terms.**—The first trademark case that was considered in the United States Supreme Court involved the question of the exclusive right to a geographical term.[21] In this case was considered the claim to the exclusive right to the word "Lackawanna" for coal. No one, the court said, had the exclusive right to this term which indicated a certain section of the country. It was the common right of all to designate coal mined in the Lackawanna Valley as Lackawanna coal. It is usual for a manufacturer to send his goods to market marked with the name of the place where they were produced. No one, therefore, should be prevented from following this custom. The court laid down this rule which is the law on the subject of the right to a geographical name:

"It must be considered as sound doctrine that no one can apply the name of a district or county to a well-known article of commerce, and obtain, thereby, such an exclusive right to the application as to prevent others inhabiting the district or dealing in similar articles coming from the district, from truthfully using the same designation."

[20] Mark Cross Co., 102 O. G. 622 (U. S. Pat.).

[21] Delaware and Hudson Canal Co. v. Clark, 80 U. S. 311.

A later attempt to secure the exclusive right to the word "Elgin" was prevented.[22] A right to prevent another passing off his goods as those of the first user of the word "Elgin" as a mark to designate watches was admitted, but there could be no exclusive right in anyone to indicate that his watches came from or were manufactured at Elgin, Ill.

There are some terms, however, which, while indirectly geographical, are considered primarily fanciful, and the exclusive property of the first to adopt and use them. "Yankee," for instance, although the name formerly applied almost exclusively to the people of New England, has been ruled to be a valid mark for soap. "Java" for a certain kind of face powder was also held to be a fancy term, not indicating in the trade that the powder was made of rice grown in Java.

20. **Name of a patented article.**—The name of a patented article after the expiration of the patent is not a valid trademark if it has, during the life of the patent, become the recognized identifying name of that article. Everyone has the right after a patent has expired to make, use, and sell the device covered by the patent, and if a certain name has become the well-known term by which the article is commonly referred to, the use of the term must be open to anyone who deals in that article.

It was contended by the manufacturer of the Singer sewing machine that it had the exclusive right to that name even after the expiration of the patent.[23]

[22] Elgin Natl. Watch Co. v. Ill. Watch Case Co., 179 U. S. 665.
[23] Singer Mfg. Co. v. June Mfg. Co., 163 U. S. 169.

The Supreme Court, however, found that as the term "Singer" had during the time the sewing machine patents were in force been used to designate the patented machines, the right to the use of this word passed to the public at the expiration of the patents. The conclusion of the court in the Singer case, which is now well established, is clearly expressed as follows:

"The result of the American, the English and the French doctrine universally upheld is this: that where, during the life of a monopoly created by a patent, a name, whether it be arbitrary or be that of the inventor, has become, by his consent, either express or tacit, the identifying and generic name of the thing patented, this name passes to the public with the cessation of the monopoly which the patent created. Where another avails himself of this public dedication to make the machine and use the generic designation, he can do so in all forms, with the fullest liberty, by affixing such name to the machines, by referring to it in advertisements and by other means, subject, however, to the conditions that the name must be so used as not to deprive others of their rights or to deceive the public, and, therefore, that the name must be accompanied with such indications that the thing manufactured is the work of the one making it, as will unmistakably inform the public of that fact."

The United States Patent Office will not register as a trademark the name of a patented article, for the certificate of registration if issued would remain in force after the expiration of the patent and the cer-

tificate would, therefore, be invalid for at least a part of the term.

If, however, a name has been applied to an article as a trademark prior to the use of particular features covered by a patent, the mark does not become the property of the public when the patent expires. The word "Excelsior" was used to designate a ladder which was made in accordance with some features of several patents, but not all of them. The same manufacturer built other ladders which embraced some features of his patents but these he designated by other names. There was no direct evidence that the name "Excelsior" had become the generic name of his ladders during the life of the patents. Under the circumstances it was held that the manufacturer did not lose his exclusive right to the word "Excelsior" at the expiration of his patents.

21. **Words from foreign languages.**—Words from foreign and dead languages are as a general rule not valid marks if they are descriptive. The fact that the people who buy the article with the foreign word on it as a trademark do not know its meaning is immaterial. Everyone is entitled to use a descriptive word in a proper way even if it is a foreign word.

"Matzoon," which was applied to a malted milk, is an Armenian word, the meaning of which was not understood except by very few in this country when its use was first begun here. The claim, however, that the first user had the exclusive right to its use on his product was denied.[24]

[24] Dadirrian v. Yacubian, 72 Fed. 1010.

"Conserva di Tomate," which is Italian for preserved tomato, is incapable of exclusive use by any one; "Saniga," the Esperanto word for sanitary, was held not registrable as a trademark in the United States Patent Office.

Although there are some decisions to the contrary apparently, the general rule established by the courts is that the ignorance of the people of a country of the meaning of a foreign descriptive word cannot be taken advantage of, and that no exclusive right in it can be obtained.

22. **Public insignia.**—There is no law of the United States prohibiting the use of the National Flag as a trademark, although many efforts have been made to obtain such a statute. Whether a court of equity will protect the use of the flag in trade is, however, doubtful.[25] Doubt has been expressed as to the propriety of protecting a flag mark in view of the fact that the federal trademark registration law prohibits the registration of such a mark.

No uniformity of view exists upon the question whether a state of the United States may prohibit the use of the National Flag in trade. Decisions both ways have been rendered.[26]

The better opinion is against the use of flags, coats-of-arms, and other public insignia as trademarks. The use of such marks can never be exclusive as against the states, at least.

23. **Red Cross.**—By a statute of the United States the use of the emblem of the Greek Red Cross on a

[25] De Nobili v. Scanda, 198 Fed. 341.

[26] Ruhstrat v. People, 185 Ill. 133, and Halter v. State, 105 N. W. 298 (Neb.).

white ground, or the words "Red Cross" or "Geneva Cross," or any simulation thereof for the purpose of trade is prohibited unless use was begun prior to January 5, 1905. Fine and imprisonment are provided upon conviction of the improper use of this mark. A Red Cross mark which is lawfully used is particularly valuable. The fact that it has been impossible to adopt and use this mark since 1905 adds to its value. Although the use of the mark upon goods such as are found necessary to carry on the work of the Red Cross Society may lead to the belief in the minds of many that those goods are produced or sanctioned by that Society contrary to the fact, it has been decided that the use of the mark is not contrary to public policy.[27]

24. **Names of books and publications.**—The name of a book, a piece of music, a statue, or of similar objects is not a trademark. Such names are terms of description and do not point out origin or ownership. "The Christian," for instance, is not in any sense a trademark for books.

It must not be understood, however, that a publisher may not have a trademark by which the public may recognize his books and publications. Most of the large publishers do have such marks. These marks are arbitrary, fanciful marks which are placed on all books published or on all of a certain class or style. A picture of an elephant is a well-known mark for the books of one publisher.

The name of a periodical publication is generally recognized as a trademark. In the case of this char-

[27] Loonen v. Deitsch, 189 Fed. 487.

acter of publication the identifying mark or name remains the same for many issues or sometimes indefinitely. It, therefore, points out the publisher of a certain well-defined kind or style of books or other publications.

A name given to a list of persons with certain facts relative to those persons carefully stated, which list was published quarterly, was held to be a valid trademark. The court, in that case, said:

"These words 'Social Register' are clearly selected arbitrarily to designate the publication of the complainant and cannot be properly called descriptive in any sense. Hence, the words, when chosen, associated together, and applied to a list of persons selected at will by the compiler, as in the case at bar, become a trademark, and are entitled to protection as such."[28]

"Buster Brown" as a trademark for a comic section of a newspaper is a valid trademark.

The titles of newspapers are generally recognized as valid trademarks.

25. **Marks must not be deceptive.**—A deceptive mark, or a mark used in connection with deceptive or fraudulent material statements, is not a valid trademark, nor will it be recognized or protected by a court of equity.

The Supreme Court of the United States has very thoroughly considered this question in the case of Clinton E. Worden & Co. v. The California Fig Syrup Co.[29] An attempt was made to prevent the

[28] Social Register Assn. v. Howard, 60 Fed. 270.
[29] 187 U. S. 516.

use of a mark which was alleged to be deceptively similar to the mark "Syrup of Figs," which was used as a trademark for a laxative preparation. The statement on the labels and other publications of the owner of the mark was to the effect that the laxative properties of the medicine were due to the syrup of figs used as one of the important ingredients. The fact was there was no appreciable amount of fig juice used and the laxative property was the result of the use of senna. The court said that no property right in the mark would be recognized on account of the deception practiced.

26. **Use necessary.**—The use of a trademark on the goods is necessary in order to acquire any title to it.[30] Mere adoption and even a public announcement that a certain mark will be used gives no right to that mark as a trademark; use in trade is necessary. It has been said that three things are necessary to acquire title in a trademark: First, the mark must not be in use by another on the same class or kind of goods; second, the mark must be applied to some article of merchandise; and, third, the article with the mark upon it must be placed upon the market.

A mark used by a carpet cleaner in his business and the mark of a firm used in selling real estate have been held not valid as trademarks. Such use does not amount to trademark use.[31]

Use upon a commercial article is necessary. The use of a word or phrase in a circular or trade list

[30] Macmahan Pharmacal Co. v. Denver Chemical Mfg. Co., 113 Fed. 468-471.

[31] Hankinson, 8 O. G., 89; Roy and Nourse, 54 O. G., 1267 (U. S. Pat.).

to designate certain goods does not constitute use as a trademark.

A casual and infrequent use of a mark upon goods for a short time does not give a right to the mark against another who subsequently adopts it and makes it celebrated.

The question has often arisen whether a mark used belongs to the customer or to the manufacturer where the customer directs the manufacturer to put up goods for him with a certain mark upon them, which he selects. The decisions in such cases have usually been in favor of the customer.

That a dealer who does not produce or manufacture goods has the right to the mark which he applies to goods selected and purchased by him is well settled.[32]

27. **Affixing mark to goods.**—It is ordinarily necessary that a trademark be affixed to the goods or the containers of them. An evident intent to use the mark in connection with the goods is required. If the mark, although not attached to the goods nor the containers, is so associated with them, for instance, by being placed on the box in which they are shipped, that there is a clear intent to use it as a trademark for those goods, this use will be held a sufficient affixing to the goods to satisfy the rule.

28. **Assignment.**—It is well settled that a trademark cannot be assigned as a mere abstract right independent of the goods upon which it has been used.[33] To illustrate: A cannot convey a good title to his

[32] Menendez et al. v. Holt et al., 128 U. S. 514.
[33] Kidd v. Johnson, 100 U. S. 617.

mark to B and still continue to carry on the business with which he had used the mark; such an abstract right is not assignable. The property and good will must go with the mark. For a mark to be transferred independent of the property and good will would work a fraud upon the public.[34] A transfer which does not specifically mention the trademark used conveys the trademark if the terms "business," "assets," "good will," or similar terms are used. It has been held that the assignment of a trademark several years after the business with which it was used has been discontinued does not convey any right; such a trademark has no existence; this assignment would be of no more value than the transfer of the good will of a business in which there were no customers.

29. **Abandonment.**—The failure to use a mark works an abandonment of it if there is no intent to resume its use. There must, however, be the intent to discontinue the use as well as the actual cessation of use, for the failure to use the mark for a time may be explained in a way which shows that there was no intent to abandon it.[35] What length of time must elapse in order to cause a mark to be held to be abandoned depends on circumstances. Non-use for eight years has resulted in the loss of the right to the mark. Failure to use the mark for a period of years due to the restrictions made by law on the sale of the goods does not justify the holding that the

[34] Morgan et al. v. Rogers, 19 Fed. 596; Bulte v. Igleheart Bros., 137 Fed. 492.

[35] Saxlehner v. Eisner & Mendelson Co., 179 U. S. 19.

user intended to abandon it. Neither does a temporary disuse during the period another is licensed to use the mark constitute abandonment.[36]

30. **Laches.**—The right of an owner of a mark to its exclusive use is often lost by his failure or neglect to insist by appropriate means that another refrain from using it, especially when the infringing use has been brought to his attention. In cases of this kind it has been held that although the second user must cease the use of the mark, the first user will be denied any damages from the wrongful use or any profits obtained by the infringer. An injunction will usually not be refused to prevent future improper use. Where the acts of the first user have been of a character to show abandonment or a clear neglect to take any action upon an infringement of which he was aware, no relief whatever will be granted.[37] If a suit to protect a mark is promptly begun as soon as the infringement is known, no rights are lost to the first user notwithstanding the use by another had continued for some time.

A trademark owner is not required to spend his time hunting for infringements. If no circumstances are brought to his attention which would lead an ordinarily prudent man to make an investigation to see if his rights were being infringed, he is not guilty of laches. He is at liberty to suppose that his rights are being respected.

[36] Nelson v. J. H. Winchell Co., 89 N. E. 180 (Mass.).
[37] Saxlehner v. Eisner & Mendelson Co., 179 U. S. 19.

CHAPTER III.

INFRINGEMENT.

31. **General rule.**—In order to preserve the value of a mark its improper use must be prevented. The greater value and celebrity a mark has the more numerous will be the efforts to infringe it, as a general rule. Infringement exists, generally speaking, when the public would be led to purchase the goods of one person for those of another, this deception resulting from the use of a similar mark. The character of the goods upon which the marks are used and the people who usually deal in the goods must be considered in arriving at a correct solution of the question of what constitutes infringement. Greater care is expected of experts who buy high-priced electric machinery, for instance, than would be demanded of those persons who purchase a can of vegetables at a corner grocery.

32. **Degree of similarity constituting infringement.**—What degree of similarity is sufficient to constitute one mark an infringement of another depends upon a good many circumstances. It may be said that the general rule which has been approved more than once by the Supreme Court is that a trademark is infringed if the ordinary purchaser buying with his usual caution is liable to be misled.[38]

[38] McLean v. Fleming, 96 U. S. 245.

To constitute infringement it is not necessary that every part of a mark be used; it is sufficient if enough be taken to lead to confusion.[39]

Infringement may result from similarity of sound, of appearance, or of meaning, or significance.[40] It is sufficient to constitute infringement if confusion results from any one of these causes.

The test cannot, in most cases, be properly made by placing the original mark and the alleged infringing mark side by side.[41] Differences when they are so placed can be readily seen which would not be kept in mind if they were not placed together for comparison. Placing marks side by side would, therefore, ordinarily be a false test. The ordinary purchaser has no opportunity to compare the mark which identifies the goods he desires to buy with the infringing mark. He carries in his mind a general impression, and if the infringing mark satisfies that impression, infringement exists.

The attitude of courts generally is that as it is easy to select marks which will not cause confusion with old-established marks, unless some good reason appears for the adoption of particular marks, their use should be prohibited if there is a reasonable probability of confusion.

33. **Illustrative cases.**—The word mark "Celluloid" was held to be infringed by the mark "Cellonite."[42] The appearance and the sound of these

[39] Saxlehner v. Eisner & Mendelson Co., 179 U. S. 19.

[40] American Lead Pencil Co. v. Gottlieb & Sons, 181 Fed. 178.

[41] A. Y. McDonald & Morrison Mfg. Co. v. H. Mueller Mfg. Co., 183 Fed. 972.

[42] Celluloid Mfg. Co. v. Cellonite Mfg. Co., 32 Fed. 94.

words were determined to be so similar that confusion was likely to result.

"Cottoleo" is an infringement of "Cottolene," both being used on a compound of cottonseed oil and the product of beef fat.[43] So also does "Mojava" as applied to coffee resemble "Momaja" so closely that the former was held to be an infringement.[44] The word "Rexall" has been adjudged so nearly to resemble "Rex" as to lead the ordinary purchaser to mistake the goods of one party for the goods of the other.[45] "Keepclean" was held to be substantially similar to "Sta-Klean,"[46] and "Knoxall" to "Beatsall."[47] The similarity in these last two cases resided in the significance of the respective marks.

"Kalodont" is not an infringement of "Sozodont," both marks being used on toothpaste;[48] nor is "Knotair" as applied to stockings so similar to "Holeproof" that confusion will probably result.[49]

Although there is some difference in the significance of the words "Gold Dust" and "Gold Drop," the latter was decided to be an infringement of the former, notwithstanding there was a substantial dissimilarity between the labels used on the goods, which were washing powders.[50] "Union Leader" as a trademark for tobacco has, however, been held not so similar to "Union World" as to justify a holding of

[43] N. K. Fairbank Co. v. Central Lard Co., 64 Fed. 133.
[44] American Grocery Co. v. Sloan & Co., 68 Fed. 539.
[45] Regis et al. v. H. A. Jaynes & Co., 185 Mass. 458.
[46] Florence Mfg. Co. v. J. C. Dowd & Co., 178 Fed. 73.
[47] American Lead Pencil Co. v. Gottlieb & Sons, 181 Fed. 178.
[48] K. K. Landespriv, Milly-Kerzen-Seifen and Glycerin-Fabrik Von F. A. Sarg's Sohn & Co. v. Hall & Ruckel, 36 App. D. C. 532.
[49] Holeproof Hosiery Co. v. Wallach Bros., 172 Fed. 859 and 190 Fed. 606.
[50] N. K. Fairbank Co. v. Luckel, King & Cake Soap Co., 102 Fed. 327.

deceptive similarity.[51] The significance of these two marks was quite different.

A six-pointed star was held to be infringed by a mark consisting of a five-pointed star and crescent, the star being the most important part of the mark.[52] In another case it was decided that the representation of a six-pointed star was not infringed by a comet having a large head consisting of a five-pointed star and associated with the word "Comet."[53]

These cases show the necessity in determining the question of infringement of giving careful consideration to the particular marks and the circumstances under which they are used.

34. **No infringement unless used on same class of goods.**—One mark is not an infringement of another, even if identical, unless used upon the same general class of goods, or as some of the statutes specify, and the decisions state, unless it is used upon goods of the "same descriptive properties." The rule for determining what goods are of the same descriptive properties has been variously stated. In the case of Church and Dwight Co. v. Russ et al.,[54] the court said:

"Goods are in the same class whenever the use of a given trademark or symbol or both would enable an unscrupulous dealer readily to palm off on the unsuspecting purchaser the goods of the infringer as the goods made by the owner of the trademark, or with his authority or consent."

[51] American Tobacco Co. v. Globe Tobacco Co., 193 Fed. 1015
[52] Hutchinson et al. v. Blumberg, 51 Fed. 829.
[53] Hutchinson, Pierce & Co. v. Loewy, 163 Fed. 42.
[54] 99 Fed. 276.

In this case it was decided that soda and baking powder are of the same descriptive properties.

In an early case[55] it was ruled that although the complainant had been engaged in the manufacture of edge tools and had never made shovels, the defendant had no right to use the complainant's mark. The complainant had a right to make shovels which were kindred articles whenever it desired to extend its line of manufacture, and the defendant had no right to appropriate the mark on such goods.

Cigars, smoking tobacco, and chewing tobacco, have all been held to be of the same descriptive properties. The user, therefore, of a mark on any one of these goods has the right to prevent its use on all the other goods.

Paste paints and mixed paints; coffee and cocoa, and gasolene and vapor stoves, and coal and wood stoves, have been held to be of the same descriptive properties.

Cured fish is not of the same descriptive properties as crackers, and the prior use of the mark "Educator" upon crackers cannot prevent another from using that name upon fish. Neither is white lead of the same descriptive properties as calcimine; nor do hooks and eyes belong to the same class as hairpins.

35. **Care required of purchasers.**—The courts are not agreed upon the care required of purchasers in order to prevent infringement. Some courts hold that if trademarks are so different that the ordinary purchaser exercising the care expected of such a per-

[55] Collins v. Ames, 18 Fed. 561.

son is not deceived, there is not such similarity that a court of equity should prevent the use of either mark.[56] According to the courts which hold this view the careless, unwary, foolish person is not entitled to protection against deception in buying goods which are identified by trademarks.

Other courts hold that the incautious, careless, and unwary should be protected.[57]

These different views are not capable of reconciliation in all respects. It may be that the difference in goods and the different classes of people who deal in the goods explain the difference in some cases, for as has been pointed out, some goods are purchased by people who are above the ordinary intelligence or skill which prevails, and would not be easily deceived.

36. **Different rule in trademark and unfair competition cases.**—It is not necessary, in order to establish infringement of a technical trademark, to show that there was any intent to deceive or that any deception has resulted, for the first to adopt and use has a property right in the mark which will be protected.[58]

In unfair competition cases it is necessary to show that the defendant has sold his goods wrongly as and for the goods of the complainant or has been guilty

[56] Hopkins, Trademarks (2d ed.), § 707; Paul, Trademarks, § 188; McLean v. Fleming, 96 U. S. 245.

[57] Bissell v. Bissell, 121 Fed. 357; Amoskeag Mfg. Co. v. Trainer, 101 U. S. 51-63-66; Centaur Co. v. Robinson, 91 Fed. 889-891; Little v. Kellam, 100 Fed. 353; Cauffman v. Schuler, 123 Fed. 205-206; McCann v. Anthony, 21 Mo. App. 83.

[58] Fuller v. J. Huff, 104 Fed. 141; American Tin Plate Co. v. Licking Roller Mill Co., 158 Fed. 690.

of acts from which a fraudulent intent may be inferred.

The intent, therefore, is not of any consequence in strictly trademark cases whereas it is controlling in unfair competition actions.

37. **Infringement may be determined by inspection.**—In some cases it has been pointed out that no evidence of infringement except the judgment of the eye in comparing the two marks is of much importance. In the case of Ligget and Myers Tobacco Co. v. Finzer[59] the United States Supreme Court said of the two marks: "Seeing in such cases is believing, existing differences being at once perceived and remaining in the mind of the observer." So also in a recent case it was pointed out that the evidence of the eyes is more persuasive and satisfactory than any other.[60]

The evidence of experts in trademark cases is of little if any value. Whether an expert would be mistaken is not the question; what would be the effect on the ordinary purchaser is what the court desires to know.[61]

38. **How infringement is prevented.**—Damages or profits for the wrongful use of a trademark may be recovered either by an action at law or by a suit in equity. The circumstances of the case must be considered in determining which action to bring. A successful determination of an action at law will, however, not prevent future infringement; to prevent this an injunction must be obtained by a suit in

[59] 128 U. S. 182.

[60] Layton Pure Food Co. v. Church & Dwight Co., 182 Fed. 24-34.

[61] National Biscuit Co. v. Baker, 95 Fed. 135.

equity. In the bill filed in an equity cause it is usual to ask for both a preliminary and a perpetual injunction. To prevent the continuation of the infringement is usually what is desired in trademark cases, and suits in equity are almost universally resorted to. In fact, the injunction is the important thing.

A preliminary injunction will not be granted unless it is fairly clear that infringement is shown. In cases of doubt, no preliminary injunction will be allowed.

In case the infringement is admitted or proved, the complainant in an equity suit is entitled to damages for loss sustained.

There are, of course, many defenses which a defendant may make. The complainant may have so long delayed in asserting his rights that he has lost the right to the exclusive use of his mark if he once had it; or, if infringement is shown, the complainant's conduct may prevent him from receiving damages or profits. The fraudulent use by complainant of his mark will prevent his favorable suit. To show abandonment by the complainant or that his chain of title is not valid may also be a successful defense.

39. **Injunction.**—An injunction is an order of an equity court prohibiting the defendant from doing certain acts specified therein, or commanding him to do those acts recited in the order. In trademark cases this order is usually against the use of the mark of the complainant or any such simulation thereof that will lead to confusion. Or it may be the

injunction requires the defendant to use certain words on his labels. An injunction is the most valuable relief which may be obtained. It is granted on the theory that the law does not afford an adequate remedy by way of damages.

Injunctions are of two kinds: preliminary and permanent. The first is granted to prevent irremediable loss to the plaintiff during the pendency of the suit. In order to obtain such relief the plaintiff must show to the satisfaction of the court that his rights will be seriously impaired before the cause can be brought to trial. A preliminary injunction is granted or refused on the affidavits of the parties. If the plaintiff establishes at the final hearing of his cause that his mark is being infringed, a permanent injunction will be granted. Punishment for the failure to obey the orders contained in an injunction is in the discretion of the court which is usually asked to issue an attachment for contempt.

40. **State courts.**—Suits may be brought in the state courts and must be brought there except on registered trademarks, registration, in such cases, giving the right to sue in a federal court, and in those cases where there is diversity of citizenship between the complainant and defendant and the amount in controversy is in excess of $3,000 in value. It is not necessary to secure state registration in order to bring an action for trademark infringement.

41. **Federal courts.**—Suits involving the right to trademarks are usually brought in the federal courts in all cases where those courts have jurisdiction. The judges of those courts have, as a rule, become

more expert from their greater experience in such cases than the judges of the state courts. Injunctions obtained upon suits involving registered trademarks may be enforced anywhere in the United States and are not limited in effect to the circuit in which issued. The decision of a federal court carries much weight and is, therefore, more to be desired for the effect that it will have than is the decree of a state tribunal.

CHAPTER IV.

TRADEMARK REGISTRATION.

42. **State registration.**—A great many of the states of the Union have some form of trademark registration laws. There is, however, no uniformity on the subject. Some of the states have comprehensive laws providing for the registration of all marks in a certain office of the state, usually the office of the Secretary of State; others provide only for the registration of labels or insignia used by organizations of workmen, or by the manufacturers of soda waters, and other similar beverages, oils, etc.

43. **Federal Registration.**—The federal trademark registration law provides for the registration of trademarks in the Patent Office. Certain advantages, primarily notice and evidence of ownership and use, are secured by registration, but it is to be noted that the federal laws on the subject regulate only the registration of trademarks. As pointed out originally, the right to a trademark is a common law right. It requires no federal or state law. Registration is not even essential to secure the right to a trademark. However, registration is now the rule rather than otherwise.

44. **Who may register.**—§ 1 of the Trademark Act provides that the owner of a mark may secure registration if he has used it in commerce with for-

eign nations, or among the states, or with the Indian tribes. Any one of the three uses is sufficient to satisfy the requirements of the statute. Either an owner domiciled within the territory of the United States or one who resides in a foreign country which by treaty or other convention allows similar privileges to citizens of the United States may obtain registration. The trademark statute apparently does not contemplate registration by joint owners. It does, however, permit an individual, firm, corporation, or association to register.

It should be kept in mind that the mark must be used before registration can be obtained. An intent to use or even an advertisement that use will be begun is not sufficient.

A voluntary association all of whose members have the right to use a mark is not entitled to register that mark.

However, the users of service marks, which are advertising marks to distinguish the service of one person from another, such as used in radio or television, certification marks, such as marks showing that work or labor on goods or services were performed by members of a union or other organization, collective marks, showing membership in a collective group, union or other organization, are entitled to register such individual marks the same as users of the ordinary commercial trademark.

If the applicant is not domiciled in the United States, he must appoint an agent—a resident of the United States—on whom process may be served in formal proceedings affecting the mark. This pro-

vision serves as some protection in case of foreign-held trademarks.

45. **Statement.**—In order to secure registration it is necessary to file an application in writing consisting of a petition, a statement, and a declaration, addressed to the Commissioner of Patents. The petition is merely a request to the Commissioner asking that registration be granted under the provisions of the statute.

The statement must show the domicile, location, and citizenship of the applicant; the class of merchandise and the particular description of goods upon which the mark has been used; must specify the length of time during which the mark has been used and contain a statement of the manner in which the mark is applied or affixed to the goods. A description of the mark may be included if the applicant so desires, provided such description is of a character to merit the approval of the Commissioner. The description must be supplied if required by the Commissioner. The application must be signed by the applicant.

It is to be noted that both domicile and location must be given. It is not a sufficient compliance with the statute to state merely that an applicant, a corporation, for instance, was organized under the laws of a certain state, and that it is doing business at a specific address; both the location and the place of business should be stated.

Congress has provided in its trademark legislation that the Commissioner of Patents shall establish a classification of goods and services for convenience

of Patent Office registration. The applicant may register his mark in one application for any or all of the goods or services included in one class or in a plurality of classes.

The law requires that a particular description of the goods be given. This phrase "particular description of goods" does not mean that the ingredients of a medicine, for instance, shall all be given; it merely requires that the ordinary trade designation of a particular article be set up in the application.

"Meats" has been held to be indefinite, and not a description of the goods such as is required by the statute.[63] "Implements, apparatus, and goods used in athletic games and sports" is not sufficiently definite.[64] "Table syrup," however, is sufficiently definite. So also is "An oleaginous compound for use as a pastry shortening."

A description of the trademark should usually be given in the statement if there is any doubt as to the character of the mark; a description will usually be required by the Patent Office in such cases.

46. **Declaration.**—§ 1 of the Trademark Act provides the character of declaration which shall be filed. This declaration must be made by an individual, or a member of the firm or an officer of the corporation or association applying, and must be substantially to the effect that the applicant believes himself to be the owner of the mark, or that the firm, corporation, or association making the application is the owner; that no other person, firm, corporation,

[63] The Kingan Packing Assn., 119 O. G. 2234.
[64] A. G. Spalding & Co., App. D. C. 314, and 123 O. G. 321.

or association, to the best of the applicant's knowledge and belief, has the right to use such trademark in the United States, either in the identical form or in any such near resemblance thereto as might be calculated to deceive; that the mark is used in commerce among the several states or with foreign nations, or with Indian tribes; that the description and drawings truly represent the trademark sought to be registered, and that the facts set forth in the statement are true. Some additional statements are required to be made by a foreign applicant. These will be referred to under the section relating to "Foreign applicants," in which are also considered the other requirements imposed upon a foreigner.

47. **Drawings and specimens.**—The drawing required to be filed with an application must show the mark in exactly the same form that it appears in the specimens furnished; the style of type, for instance, must be the same. Matter shown on a label which is not proper subject matter for registration as a technical trademark if placed on the drawing, must be disclaimed. A foreign applicant has the same privilege as an applicant located in the United States in selecting a mark for which he may make application for registration. He is not required to present for registration all the arbitrary features shown by his foreign certificate but may select from it what he regards as the distinguishing feature. One form only of the mark must be shown on the drawing. Even if the labels show different forms of printing

or illustrating the mark, but one form may be shown in a trademark application.

The law requires such number of specimens showing the mark as actually used as may be specified by the Commissioner of Patents, and he has required that five specimens be furnished. The only exception to the rule requiring five specimens to be furnished is in food and drug cases. In these cases it is usual to furnish one specimen showing the use on each item of goods, provided, however, that at least five specimens in all are filed.

Labels showing the use upon meat products must be approved by the Bureau of Meat Inspection of the Department of Agriculture; but one label for each particular item of goods is required.

Mutilated specimens are not acceptable.

48. **Foreign applicants.**—A foreign applicant in his declaration must make the same allegations as an applicant located in this country, except that it shall not be necessary for him to state that the mark has been used in commerce with the United States or among the states thereof. In addition to these allegations, a foreign applicant must set forth that the mark he desires to register has been registered in the country in which he resides, with the date of registration. If registration has not been obtained, the declaration should contain a statement that application for registration has been made, with the date of the application. The verification required in such declarations must be made before a minister, consul, or other similar officer holding a commission under the Government of the United States, or an officer

having a seal and authorized to administer oaths, whose authority must be proved by the certificate of a diplomatic or consular officer of the United States. Although application may be made by a foreigner before registration is obtained abroad, a certificate may not be issued to him until his mark has actually been registered in the country in which he is located, unless the applicant alleges use of it in commerce.

Only the goods shown in a foreign certificate of registration may be included in an application filed in this country.[65]

A foreign applicant is required to specify as a representative some person in the United States on whom process or notice of proceedings affecting the right of ownership of the mark may be served.[66]

49. **Marks not registrable.**—§ 2 of the Trademark Act specifies that no mark by which the goods of the owner may be distinguished from other goods of the same class shall be refused registration, unless it is of a particular character specified. The excepted marks are those which consist of or comprise immoral or scandalous matter; the flag or coat-of-arms of this or any foreign country; any name, distinguishing mark, character, emblem, or similar device adopted by any organization, club, or society, incorporated in any state of the United States prior to the date of adoption and use of the mark by the applicant; marks so similar to a registered or known mark and appropriated to goods of the same descriptive

[65] Dawson, Halliwell & Co., 124 O. G. 628.
[66] See § 44.

properties as to cause confusion; merely the name of an individual, firm, corporation, or association, not written, printed, or impressed in some particular or distinctive manner or in association with the portrait of an individual; mere words or devices which are descriptive of the goods; or geographical names or terms, or the portrait of a living individual without the written consent of that individual. Deceptive marks or marks used in connection with deceptive matter are likewise not registrable under this act.

The representation of the Virgin Mary was refused registration. This mark apparently was regarded as of a scandalous nature.

The seal of a state, or the words indicating the seal, are not registrable.

The name "Dewey" was held by the Patent Office to refer to a living celebrity, and not to be registrable without the consent of that person.

The registration of the name or the picture of a President of the United States, even after his death, is not permitted, on the ground that it is against public policy to register such a mark.[67]

The names and pictures of dead monarchs or similar officers of other countries, however, are held to be registrable. The mark "King Edward VII," after the death of that ruler, was registered. The registration of the emblem of the Red Cross Society is not permitted, as was indicated in § 23.

50. **Same subject.**—What constitutes such similarity that registration must be refused in view of a

[67] Banner Cigar Co., 138 O. G. 528.

registered or known mark is indicated in the rules laid down on the subject of infringement, in § 32.

The rule for determining when goods are of the same descriptive property is pointed out in § 34. This is a subject upon which there are many conflicting decisions. The true rule is yet to be found.

51. **Concurrent Registration.**—Notwithstanding the provisions, as given above, regarding the non-registrability of identical or similar trademarks, it sometimes happens that such identical or similar trademarks are used in commerce without confusion or deception to purchasers. Where this occurs, the Commissioner has been authorized to register as concurrent registrations the same or similar marks to more than one registrant when they have become entitled to use such marks through lawful use thereof in commerce prior to any of the filing dates of the applications involved. Conditions or limitations may be imposed, of course, in the certificate of registration, depending on the circumstances of prior use.

52. **Oppositions.**—If a trademark is found to be registrable, the law requires it to be published at least once in the Official Gazette of the United States Patent Office. Anyone who believes he would be damaged by the registration of this mark may within thirty days from the date of publication file an opposition to its registration. If upon consideration of the question it is found that damage would result to the opposer, and that the applicant has not the exclusive right to the mark, registration is refused. It is not necessary that the opposer have the right to reg-

ister in order to prevent the applicant from registering.[69]

The Commissioner has the authority, if good cause is shown, to extend the thirty days' time within which opposition may be filed.

The opposer need not establish that confusion actually has resulted between his mark and the mark of the applicant; if it is reasonably probable that confusion would result, this is sufficient.[70]

Some amendments to a notice of opposition are admissible, but an amendment to be admissible must not set up a new ground of opposition.

53. **Interferences.**—Between applicants claiming identical marks or marks so similar as to cause confusion, or between an applicant and the owner of a registered mark which is so similar to the applicant's mark as to cause confusion or mistake in the mind of the public, an interference may be declared, provided of course that the marks of the applicants, or of the applicant and registrant, are applied to goods of the same descriptive properties. This proceeding is for the purpose of determining the ownership of the mark and in such inter partes proceedings the Patent Office follows generally the rules provided in federal equity proceedings. An interference, however, will not be declared between an applicant and a registrant unless the date of use specified by the applicant is earlier than the date of registration.[71]

[69] Green, Tweed & Co. v. Manufacturers Belt Hook Co., 137 O. G. 2221; National Food Co. v. Williams, 133 O. G. 232.

[70] Northwestern Milling Co. v. Callam & Son, 137 O. G. 2222.

[71] Ino Medicine Co., 101 O. G. 887; Philadelphia Watch Case Co. v. Dueber et al., 122 O. G. 1725.

An applicant is not bound by the date of use set up in his application, nor is a registrant prevented from establishing an earlier date of use than that shown in his certificate.[72]

54. **Cancellation.**—A certificate of registration may be canceled upon application to the Commissioner of Patents, if it can be proved that the registrant was not entitled to use of the mark at the date of his application, or that the mark is not used by the registrant, or that it has been abandoned, or if the registered mark has been assigned and is being used by, or with the permission of, the assignee so as to misrepresent the source of the goods or services in connection with which the mark is used. For any of these causes, the Federal Trade Commission may also apply for cancellation of a registered mark.

55. **Fee, duration of certificate, and renewal.**—The fee for registration of a trademark is $25 and certificates of registration under the Trademark Act remain in force for twenty years. However, a registration may be cancelled by the Commissioner after six years unless within one year next preceding the expiration of such six years the registrant shows continued use of the mark or satisfactorily explains its non-use.

Each registration may be renewed for periods of twenty years upon filing of application showing that mark is still in use.

[72] Broderick & Bascom Rope Co. v. A. Leschen & Sons Rope Co., 100 O. G. 3011.

QUIZ QUESTIONS

TRADEMARKS

(The numbers refer to the numbered sections in the text.)

1. (a) Define a trademark. (b) Give some instances of well known marks.
2. Point out some differences between a trademark and a patent, and distinguish carefully between a trademark and a copyright.
3. (a) What is an attributive trademark law? (b) What a declaratory law? (c) What are the advantages and disadvantages of each?
4. Is a trademark a monopoly?
5. Explain the reason for the early use of trademarks.
6. Give instances of the early use of trademarks.
7. What was held in the various early English trademark cases?
8. What did Thomas Jefferson report to congress upon the subject of trademark laws?
9. What was the extent of trademark litigation in the United States prior to 1870?
10. (a) What were the main features of the trademark act of 1870? (b) Upon what ground was this law held invalid? (c) What use of a mark was required to secure registration under the Act of 1881?
11. Upon what provision of the Constitution is the present federal trademark law based?
12. (a) What is a trade name? (b) How is a trade name distinguished from a trademark?
13. Distinguish between unfair trade and trademark infringement.
14. Give some reasons why descriptive words or misspelled descriptive words are not valid trademarks.

15. Give some instances of valid and some of invalid marks.
16. (a) What is a generic term? (b) Give some instances of such terms.
17. Is a word indirectly descriptive of an article on which it is used, a valid mark?
18. What is the law relative to the use of a surname as a trademark?
19. (a) Is a geographical term a valid mark? (b) Why?
20. Why is the name of a patented article not a valid mark after the patent has expired?
21. What is the rule relative to the use of a foreign word as a trademark?
22. Is the national flag valid as a trademark?
23. What is the provision of the law relative to the use of the Red Cross as a trademark?
24. (a) Is the name of a book a valid trademark? (b) Is the title of a periodical publication a valid trademark? (c) Why is the rule different relative to the name of a book and the title of a periodical?
25. Is a deceptive mark capable of protection?
26. (a) Is it necessary to use a mark before it can be regarded as a trademark? (b) On what must it be used in order to be valid?
27. What is the rule relative to affixing the mark to the goods?
28. (a) May a mark be assigned independent of the business in which it is used? (b) Does the transfer of the "assets" of a business convey the right to the trademark used?
29. What constitutes abandonment of a trademark?
30. (a) Name some way in which the right to the use of a mark may be lost? (b) When, as a rule, should suits for infringement be begun?
31. What constitutes infringement of a trademark?
32. (a) Give a rule for determining what degree of similarity between marks constitutes infringement. (b) What is not a proper test?
33. Give some illustrations of marks held to be deceptively similar.
34. (a) When are goods said to be of the same descriptive properties? (b) Give instances.

35. (a) What degree of care is required of purchasers to avoid confusion in marks? (b) Explain the different views on this subject.
36. (a) Explain the different rule in trademark and in unfair competition cases. (b) When is the intent of the defendant important?
37. Is expert testimony valuable in determining infringement in trademark cases?
38. (a) In what way may infringement be prevented? (b) When will a preliminary injunction be issued? (c) What are some of the defenses which may be made in a suit for infringement?
39. (a) What is an injunction? (b) How enforced?
40. When must suit be brought in a state court?
41. What are some of the advantages of bringing suit in a federal court?
42. What is the general character of state registration laws?
43. Is registration essential for the protection of a trademark in this country?
44. (a) Who may register a trademark under the Act of Feb. 20, 1905? (b) May registration be obtained before a mark has been used?
45. (a) To whom must an application for registration be addressed? (b) What must be set forth in the statement?
46. What allegations must the declaration include?
47. (a) What may be shown in the drawing? (b) How many specimens are required?
48. (a) What allegations must a foreign applicant make in addition to those required of a domestic applicant? (b) What kind of certificate must a foreign applicant furnish? (c) What goods may a foreign applicant specify?
49. Name some marks which may not be registered.
50. (a) What degree of similarity will prevent the registration of a second mark? (b) May the same mark be registered on goods of different descriptive properties?
51. Is it possible to register identical or similar trademarks by different users?
52. (a) What is the provision of the trademark law relative to publication of a trademark? (b) Who may file an opposi-

tion against the registration of a mark which has been published?

53. (a) Under what conditions will an interference be declared? (b) What is determined by an interference?

54. What is necessary to show in order to have a registered mark canceled?

55. (a) What is the government fee for registration of a trademark? (b) What is the term of a certificate of registration? (c) When must an application for renewal of a trademark registration be made?

PART III

COPYRIGHT

BY

WILLIAM L. SYMONS, LL.M., M.P.L.*

1. **Definition and nature of copyright.**—Copyright is defined as the exclusive right of the owner to multiply and to dispose of copies of an intellectual work.[1] In a recent treatise on this subject, copyright is said to be "the right to multiply copies of those products of the human brain known as literature and art."[2]

In this country under the laws passed in accordance with that provision of the Federal Constitution which gives Congress the right to promote the progress of the useful arts, copyright is a monopoly created by law and limited to a certain time. Generally speaking, in order to be subject matter for copyright protection, a literary or artistic production must be innocent, original, and a contribution to knowledge. A work is regarded as "original" if it is the result of independent labor; it, of course, must not be substantially a copy of the work of another.

Copyright in the United States is governed by the

* Lecturer on Trademark Law, Washington College of Law. Former examiner in the United States Patent Office; former member of the Board of Pension Appeals. Author of various articles on patents and copyrights.

1 Drone on Copyright, p. 100.

2 Bowker on Copyright, p. 1.

provision of the Act of July 30, 1947, and subsequent minor amendments. This comprehensive statute repeals all former conflicting laws and gives an exclusive right to print, reprint, publish, copy, and vend a copyrighted work.

Copyright as generally used refers both to the right given to the copy made and to the right to make copies.[3] The present law, however, specifies that copyright is distinct from the material object copyrighted. A sale of the material object, therefore, does not of itself constitute a transfer of the copyright; neither does the assignment of the copyright constitute a transfer of the title to the material object.

2. **Differences between copyright and a trademark.**—Copyright exists only by virtue of a statute; there is no common law right to an intellectual work which has been published. It is only in unpublished works that there is a common law right. The right to a trademark depends on use, and it can be protected under the common law without being registered under state or federal laws. The right to copyright continues only for the time specified in the statute; the right to a trademark may continue forever.

The rules for determining infringement of a copyright differ from those laid down in trademark cases. Speaking generally, the test of infringement of copyright is not so strict as that applied in trademark cases. Similarity of treatment of the same subject does not constitute infringement of an earlier work

[3] Drone on Copyright, p. 101.

on the same subject, while the use of a mark similar to a mark already in use does constitute infringement.

Originality is not usually displayed in the ordinary trademark; a work which does display originality is the subject of copyright.

3. **Origin and development of copyright.**—Some form of protection analogous to copyright as now understood existed in Rome, in the Italian cities, and Germany during the middle ages.[4] The discovery of printing in the fifteenth century caused the subject of protection of literary property to become of much greater importance than it formerly had been. Most of the early literary privileges were granted to printers; in some cases authors were granted important rights.

In England, the exclusive right to published or unpublished intellectual property in the producer was recognized prior to the date of the passage of an Act for the Encouragement of Learning in 1710. Under this statute authors were given the exclusive right to publish their works for a term of years but no longer. This law was not interpreted to mean that an author lost his common law perpetual right to the fruits of his labor, until 1774 when the House of Lords held that at common law an author had an exclusive right to his published work, but that this right was taken away by the statute on the subject and that after publication no rights remained except those given by the statute.[5]

[4] Consult Chap. II. of Bowker on Copyright.

[5] Drone on Copyright, p. 73; Bowker on Copyright, p. 26.

In the United States no right in published works has been recognized except as provided by statute. It was evidently the opinion of the framers of the Constitution that statute law was necessary to protect intellectual works which had been published; and in 1790 a copyright law was passed. This law was based on the provision of the Constitution giving Congress the authority to pass laws to promote science and the useful arts by securing, for a limited time, the exclusive right of authors to their works.

There have been many modifications of the first law, and some change of the principles it contained, but all subsequent laws have in the main followed the theory upon which the first law was drafted.

4. **Common law right to unpublished works.**—The perpetual right to unpublished works, which was recognized by the House of Lords as existing at common law, has always been recognized in the United States. The present copyright law gives certain protection to unpublished works, such as sermons and addresses. This provision of the statute law relative to the protection of literary property is, however, an innovation in our copyright statutes.

The delivery of a sermon or an address or the exhibition of a picture privately does not cause the author or artist to lose his exclusive right to it. Such use is not a dedication to the public.

The new copyright law specifies that nothing in that act shall be held to limit the right of an author at common law to his unpublished work.

5. **What may be copyrighted.**—The Copyright Act specifies "That the works for which copyright

may be secured under this Act shall include all the writings of an author."[6] In making applications for copyright the author is required to specify in which of the following thirteen classes his work belongs:

(a) Books; (b) periodicals; (c) lectures, sermons, addresses; (d) dramatic compositions; (e) musical compositions; (f) maps; (g) works of art; (h) reproductions of a work of art; (i) drawings or plastic works of a scientific or technical character; (j) photographs; (k) prints and pictorial illustrations; (l) motion picture photoplays; (m) motion pictures other than photoplays.

The failure on the part of the applicant to specify correctly the class in which his work is properly classified does not invalidate the copyright.

Compilations or abridgments of works which are public or of copyrighted works when the consent of the copyright proprietor is obtained are considered proper subject matter for copyright.

A circus poster showing a ballet, a number of performers on bicycles, and a group of men and women whitened to represent statues was, in the leading case of Bleistein v. Donaldson Lithographing Co.,[7] held proper subject matter for copyright, and the contention that such a work did not come within the scope of the statute because not connected with the fine arts was denied. A picture may be copyrighted if it is used only as an advertisement.

6. **Same subject.**—The Copyright Office has interpreted the terms used to designate the various classes

[6] Sec. 4 of Title 17, U. S. Code.
[7] 188 U. S. 239.

of works in which copyright may be obtained. The term "books" includes all printed literary works, except dramatic compositions, whether published in the shape of a book or pamphlet, or as a card, leaflet or single page. This term also includes tables, such as interest, logarithmic and wage tables; encyclopædias; catalogues; directories, and circular folders which contain reading matter other than mere lists of articles, names and addresses.

This term "book" is not applicable to record and account books used in ordinary business transactions; to check books; to forms of contracts or leases which do not contain original copyrightable matter; to the forms used in legal or commercial transactions; to puzzles; to games; to formulæ on boxes or bottles containing goods for sale; or to advertisements or catalogues which contain no original matter but merely a tabulation of the goods with prices.

The term "periodical" includes newspapers, magazines, serial publications appearing oftener than once a year, and bulletins of societies which appear regularly at intervals of less than once a year.

Under the designation "works of art" are included all those works which are usually classified as belonging to the fine arts, as paintings, drawings and sculptures. Toys, games, dolls, glassware, embroideries, laces, and garments are not included and are not capable of protection by copyright.

7. **Works which may not be copyrighted.**—The copyright laws provide that no copyright shall exist in any work which is in the public domain; in any work which was published in this or any foreign

country prior to July 1, 1909, if it has not already been copyrighted; or in a publication of the United States Government.

Immoral or scandalous works cannot be protected under the copyright law.

A system of letter files and indexes has been held not proper subject matter for copyright.[8] So also mere advertisements, even if illustrations of useful objects in a catalogue, have been held not capable of copyright.

The name of a book or of a newspaper does not constitute proper subject for copyright protection; the name of a periodical publication is generally registrable as a trademark; it may in some cases be protected on the ground of unfair competition.

Books and periodicals in the English language may not be copyrighted in the United States unless the text shall have been printed from type set within the limits of the United States or from plates made from type set therein; or if the text be produced by lithographing or photo-engraving process unless this process shall have been wholly performed within the United States; or unless the binding shall have been performed within the United States. The statute excepts certain works from these requirements, among which are books in raised characters for the use of the blind, books of foreign origin in a language or languages other than English, and books published abroad in the English language seeking ad interim protection.

8. **Who may secure copyright.**—The author or

[8] Amberg File and Index Co. v. Shea, Smith & Co., 82 Fed. 314.

proprietor, or his executors, administrators or assigns, may secure copyright if he is a citizen of the United States. An author or proprietor who is a citizen of a foreign country may obtain copyright if he is domiciled within the United States at the time of the first publication of his work. Copyright privilege extends to an author or proprietor who is a citizen or subject of a foreign nation provided the nation of which he is a citizen or subject by treaty, convention or law grants copyright to citizens of the United States on substantially the same basis as to its own citizens, or copyright protection of substantially the same character as is secured to a foreign author by our act. The United States is a party to some international agreements by which the citizens of the parties to the agreements have reciprocal right as to copyright. Whether the reciprocal conditions exist is determined by the President of the United States, who from time to time issues such proclamations as are necessary.

An employer is considered the author of works which he has had made for hire.

9. **How copyright is obtained.**—Copyright under the present law may be secured on published and on unpublished works.

On published works copyright is initiated by publication with the proper notice of copyright affixed. After publication registration is obtained by making application to the Copyright Office on the proper blank which will be furnished by that office, and depositing promptly two copies of the best edition of the work then published, if a book or periodical,

or if the work is a contribution for a periodical for which special registration is requested, then one copy of the issue containing such contribution. Upon compliance with these provisions the Register of Copyrights is required to issue a certificate to the applicant.

No action for the infringement of a copyright may be begun until after the provisions relative to the deposit of copies and registration have been complied with.

Copyright of works of which copies are not reproduced for sale may be obtained by the deposit of one complete copy with claim for copyright. The character of deposit required varies slightly with the kind of work as fully specified in § 12 of the Act of July 30, 1947.

If the copies required by the law to be deposited are not promptly deposited, the Register of Copyrights is given authority to compel the proprietor to deposit them. If they are not furnished after demand within three months from any part of the United States, except the outlying territorial possessions and foreign countries from which they must be furnished within six months, the proprietor shall be liable to a fine of one hundred dollars, and to pay to the Library of Congress twice the amount of the retail price of the best edition of the work. In such cases the copyright shall become void.

Postmasters are required to forward to the Copyright Office, without cost to the sender, the copies required by law to be deposited.

In the case of books deposited, they shall be ac-

companied by an affidavit made by the person claiming the copyright, or by his duly authorized agent or representative, or by the printer who has printed the book, setting forth that the copies deposited have been printed from type set within the limits of the United States, or from plates made within the limits of the United States from type set therein. If the text has been produced by lithographic or photo-engraving process, the affiant shall state that the process was wholly performed within the United States, and that the printing of the text and binding of the book have been performed within the United States. The affiant must further show the date of the completion of the book or the date of publication.

It is a misdemeanor to make knowingly a false affidavit as to having complied with the conditions for obtaining registration, which is punishable by a fine of not more than one thousand dollars and by having all rights and privileges forfeited under the law.

10. **Ad interim copyright.**—If a book is published abroad in the English language before publication in this country a deposit of one copy in the Copyright Office not later than sixty days from the date of publication abroad, with a request for reservation of copyright, giving the name and nationality of the author and of the copyright proprietor and the date of publication, secures an ad interim (in the meantime) copyright. This protection continues for four months after the date of deposit in the Copyright Office. If within the four months after the deposit of a copy, the proper requirements as to manufacture

and publication are complied with, copyright shall be granted for the full term. This arrangement gives a maximum four months within which copyright protection may be secured in the United States.

11. **Rights secured by copyright.**—By complying with the requirements for securing copyright the exclusive right is obtained to print, reprint, publish, copy and vend the copyrighted work; to translate it into other languages; to dramatize it, if it be a non-dramatic work; to convert it into a novel or other non-dramatic work, if it be a drama; to deliver or authorize the delivery of the work in public for profit, if it be a lecture, sermon, address or similar production; to perform or represent the copyrighted work publicly if it be a drama, or to procure the making of any record of it by which it may be exhibited, as for instance, by moving pictures; if a musical composition, to perform it publicly for profit, or to make any arrangement for setting it forth or of the melody of it, as for instance, by means of mechanically operated musical players.

Nothing in the Copyright Act limits or annuls the right of an author or proprietor to his unpublished work.

12. **Publication.**—The Copyright Act specifies what shall constitute the date of publication. This date is, in the case of copies reproduced for sale, the earliest date when copies of the first authorized edition are placed on sale, sold, or publicly distributed by the copyright proprietor. What constitutes publication is of prime importance in view of the fact that publication is a prerequisite to obtaining regis-

tration of the claim to copyright and is a factor in obtaining renewal at the expiration of the first period. The two copies of the work which are required to be deposited by the statute must be deposited without unnecessary delay after the date of publication.

A representation on the stage of a play is not a publication nor is the public performance of a musical composition.

It should be clearly kept in mind that publication with the required notice is now the first step in securing copyright, and it is not now necessary or even permissible to make the application for copyright to the Copyright Office before publication with the required notice. Publication with the notice of copyright is followed by the steps necessary to obtain the copyright certificate.

13. **Statutory protection for unpublished works.** —Formerly copyright did not exist except in published works; if a work was unpublished it was necessary to protect it under the common law. Under the present law, copyright may be obtained on a lecture or similar production, a dramatic or musical composition and some other forms of intellectual works specified in § 12 of the Copyright Act, by the deposit of one complete copy with claim of copyright. If the work is later reproduced in copies for sale, the usual number of copies must be deposited.

Many advantages result from copyright of this character of work. The required deposit of the copy secures a public record showing the exact nature of the work. It gives the same right to sue in the fed-

eral courts that is given to a copyrighted published work. A disadvantage is that the term of ownership is limited.

14. **Copyright notice.**—The required copyright notice consists of the word "Copyright" or the abbreviation "Copr.," accompanied by the name of the copyright proprietor, and if the work be a printed literary, musical, or dramatic work, the notice must also include the year in which the copyright was secured by publication.

On copies of works specified in § 5, paragraphs (f) to (k) inclusive, of the Copyright Act, the notice may consist of the letter C enclosed within a circle, thus: © accompanied by the initials, monogram, mark or symbol of the copyright proprietor. If this last form of notice is used, the name of the copyright proprietor must appear on some accessible portion of such copies.

This notice in the case of books or other printed publications shall be placed on the title page or the page immediately following; or if a periodical, either upon the title page or upon the first page of the text of each separate number, or under the title heading. One notice of copyright in each volume or in each number of a newspaper or periodical is sufficient.

The omission by accident or mistake of the required copyright notice from a particular copy or copies does not invalidate the copyright.

No copyright notice is required in the case of books in which ad interim protection is desired.

Too much stress cannot be laid upon the requirement of the present law that to obtain copyright pro-

tection, the work must be first published with the proper copyright notice.[9] It is only after publication that the copyright can be validly completed by obtaining a certificate of registration. It is true there is a penalty fixed for the insertion of the copyright notice upon any uncopyrighted article with fraudulent intent. It is quite clear, however, that the insertion of the notice on a work which it turns out is not subject to copyright would not be a misdemeanor; that to constitute the offense, proof of fraudulent intent in the insertion of the notice must be shown.[10]

When an assignment of copyright has been recorded, the assignee may substitute his name for that of the assignor in the notice of copyright prescribed by the act.

15. **Duration of copyright—Renewal.**—The term of copyright is twenty-eight years from the date of first publication. The author or proprietor of a composite work is entitled to renewal of the copyright for an additional term of twenty-eight years if the application is made within one year of the expiration of the original term. An assignee or licensee is, however, not permitted to renew the copyright. The author, if still living, or the widow, widower, or children of the author, if the author be not living, or if the author, widow, widower or children be not living, then the author's executors, or in the absence of a will, the next of kin, may secure the renewal for the term of twenty-eight years in the case of

[9] Bowker on Copyright, p. 133.
[10] Sec. 105 of Title 17, U. S. Code.

any other copyrighted work if the application is made within one year of the expiration of the original term of twenty-eight years.

The copyright which existed in any work when the Copyright Act went into effect may be renewed and extended at the expiration of the term for which the copyright was granted, which under the former law was twenty-eight years with a renewal period of fourteen years, under certain conditions, for a period equal to the entire term allowed under the present act. This application must also be made within one year prior to the expiration of the existing term.

16. **Copyright fees.**—The fee for the registration of any work subject to copyright is four dollars, payable to the Register of Copyrights. This amount includes the certification of registration furnished by the Copyright Office under seal. An exception is made in the case of prints or labels for merchandise, the fee for registration then being six dollars, which includes the certificate. For recording the extension or renewal of copyright, the fee is two dollars; for recording an assignment, three dollars for each paper not exceeding six pages in all, which fee also applies for comparing copy of assignment with original. For any requested search of copyright office records, indexes, or deposits, three dollars for each hour of time consumed in such search. But one registration fee is required for several volumes of the same book deposited at the same time.

17. **Assignments.**—Copyright secured under the provisions of the Copyright Act may be assigned

by an instrument in writing signed by the proprietor of the copyright. An assignment executed in a foreign country must be acknowledged by the assignor before a consular officer or secretary of legation of the United States authorized by law to administer oaths. If an assignment of copyright is not recorded in the Copyright Office within three months after its execution in the United States or within six calendar months after its execution without the limits of the United States, it shall be void as against any subsequent purchaser for a valuable consideration, without notice, whose assignment has been duly and properly recorded.

The Register of Copyrights upon receipt of an assignment shall record it and return it to the sender with a certificate of record attached under seal of the Copyright Office.

18. **Infringement of a copyright.**—Infringement of a copyright is any unauthorized use of a copyright work which results in injury to the copyright proprietor. Direct proof of injury is not necessary. If facts are shown from which injury may reasonably be inferred, that will be held sufficient. No rule can be laid down which will cover every case. It is not necessary that the identical words of a literary work be used to constitute infringement; a colorable variation is an infringement.

It is unusual for an infringer to copy all of a work; parts only are taken. If these are substantial and important, the right of the copyright proprietor has been invaded.

For one to write on the same subject as another,

and to state the same facts in his own language does not constitute infringement if his statements are made from independent investigation. There can be no monopoly in the right to treat a certain subject. Mr. Bowker in his excellent work on this subject gives as an instance of non-infringement, two maps made by independent workers, although the maps may be almost identical.[11]

19. **Courts having jurisdiction of copyright matters.**—All matters arising under the copyright law are made by that law cognizable by the Circuit Courts of the United States. Original jurisdiction in such cases has since the passage of that law been vested in the District Courts of the United States. Suits may be begun in the district of which the defendant or his agent is an inhabitant or in which he may be found.

20. **How infringement is prevented.**—Any person infringing a copyright protected under the copyright laws shall be liable to an injunction restraining such infringement, and to pay to the copyright proprietor such damages as he may have suffered due to the infringement as well as the profits which the infringer shall have made from such an infringement. Damages shall not exceed $5,000 or be less than $250 except in certain specified cases in which the amount of damages is fixed by the statute.

The infringer is required to deliver up on oath all articles alleged to infringe the copyright upon such terms as the court may prescribe, and if infringement is found to exist, to deliver up for destruction

[11] Bowker on Copyright, p. 255.

all infringing copies or devices to be destroyed. Except in some few instances, infringement may be punished as a misdemeanor by a fine not to exceed $1,000 nor less than $100, or by imprisonment for not exceeding one year, or by both, in the discretion of the court.

The performance of religious or secular works, such as oratorios or cantatas, by public schools, church choirs, or vocal societies, if not given for profit, is not prohibited as an infringement of a copyright. It was apparently the intent of Congress to encourage such performances.

21. **Copyright of prints and labels.**—In accordance with a decision of the Attorney General of the United States, rendered in 1909, the copyright of prints and labels designed to be used for an article of manufacture is obtained by publication and the subsequent deposit of copies with the proper form of application for registration with the Commissioner of Patents.

Commencing July 1, 1940, however, the Register of Copyrights is charged with the registration of claims to copyright, properly presented, in all prints and labels published in connection with the sale or advertisement of articles of merchandise, thus taking out of the hands of the Patent Office the registration of prints or labels not constituting trademarks.

Labels and prints to be registrable in the Copyright Office—not as trademarks—must be artistic creations, and not such works only as are within the scope of the ordinary skill of the typesetter. Furthermore, they must be descriptive of the goods

which they are used to advertise, if prints, or descriptive of the goods upon which they are placed, if labels.

The fee for registration of a print or label in the Copyright Office is $6.00, which will be returned if a copyright certificate is refused, and which covers the expense of furnishing a certificate of such registration.

22. **International copyright.** — Many attempts have been made to establish what might be termed an universal international copyright. As yet, no such attempt has been entirely successful. Back in the nineteenth century, there was formed the International Union for the Protection of Literary and Artistic Works. It maintained a bureau at Berne, Switzerland, which published information of interest to authors. At one time the member countries numbered more than two dozen, with the authors of each member country enjoying in the other countries of the union the same rights for their works as the authors of such other countries had.

Few international conventions or unions, however, can stand the disrupting influence of war, so after a couple of globular conflicts, not much progress has been made towards establishment of a true international copyright. The United States never was a party to the above International Union but it does afford, nevertheless, advantages of a character somewhat similar to those afforded by membership in such a union. As pointed out above in Secs. 8 and 10, the United States grants copyright protection to authors of such foreign countries as grant equal privileges

to American authors.

The right of United States citizens to copyright protection in foreign countries is therefore dependent upon similar rights of foreigners to protection here. Whether or not such reciprocity exists is determined by the President of the United States, who, issues proclamations enumerating and extending the privileges to citizens of those countries which have granted the same privileges to our citizens.

QUIZ QUESTIONS

COPYRIGHT

(The numbers refer to the numbered sections in the text.)

1. (a) Define the term "copyright." (b) What must be the nature of a work in order to be subject to copyright? (c) When was the present United States copyright law enacted and what is granted by it?
2. Enumerate some of the differences between a copyright and a trademark.
3. (a) What right existed in intellectual property prior to the passage of the Act for the Encouragement of Learning in 1710? (b) How was this law interpreted by the House of Lords? (c) Upon what provision of the Constitution have our copyright laws been based?
4. What right exists in unpublished literary works?
5. (a) What works may be copyrighted under the Copyright Act? (b) Name the classes into which all works are divided by this law. (c) What was held in the case of Bleistein v. Donaldson Lithographing Co.?
6. What does the term "book" include?
7. Name some works which are not subject to copyright.
8. Who may secure copyright?
9. (a) Describe the manner in which copyright is obtained under the present law. (b) Explain the provision relative to the deposit of copies. (c) What character of affidavit is necessary in the case of books?
10. What is an ad interim copyright and how is it obtained?
11. What rights are obtained by copyright?
12. What is "the date of publication" of works reproduced for sale or distribution?
13. What protection is given by the copyright statute to unpublished books?

14. (a) What is the proper notice of copyright? (b) Where must the copyright notice be placed?
15. (a) What is the duration of a copyright certificate? (b) Who may renew the copyright? (c) What is the renewal period? (d) What provision is made for the renewal of copyright obtained under former laws?
16. What is the copyright fee?
17. Within what time must an assignment of a copyright be recorded in the copyright office?
18. What constitutes infringement of a copyright?
19. What courts have jurisdiction of matters arising under the copyright laws?
20. (a) How is infringement prevented? (b) What damages may be obtained? (c) May infringement be punished as a misdemeanor?
21. How is registration of prints and labels obtained?

PART IV

ESTOPPEL

BY

OLIVER S. RUNDELL, LL.B.*

INTRODUCTION.

1. **Definition of estoppel.**—Estoppel is a bar which precludes a person from asserting or denying a fact. Such a bar may be asserted against one who attacks the accuracy of a record, legislative or judicial, or who denies a fact determined and adjudged in a judicial inquiry; or against one who denies a fact previously agreed to or represented by him to be true. The assertion of the bar is permitted upon the theory that, under the circumstances where it is permitted to be asserted, it is better that that which appears or has been stated to be true should stand as true rather than that its truth should be inquired into and perhaps disproven.

Estoppel was divided by Lord Coke[1] into (1) Estoppel by record; (2) Estoppel by writing (or deed); and (3) Estoppel in pais. The same subdivisions are adopted by Bigelow in his work on Estoppel.[2] But the subdivision, Estoppel in pais, has been divided by him into (1) Estoppel by con-

* Dean of Law, University of Wisconsin Law School.

1 Coke's Littleton, p. 352 (a).

2 Bigelow, Estoppel (5th ed.).

tract, and (2) Estoppel by conduct. These subdivisions have not seemed entirely suitable and, in their stead, the following subdivisions are used in this article: (1) Estoppel by record, (2) Estoppel by deed, (3) Estoppel by contract, (4) Estoppel by misrepresentation, (5) Quasi-estoppel.

Since estoppel by conduct includes estoppel by misrepresentation, it will be seen that Mr. Bigelow's classification makes estoppel in pais include estoppel by contract and estoppel by misrepresentation. It will be shown that estoppel by deed and estoppel by contract are much more nearly alike than estoppel by contract and estoppel by misrepresentation. In fact, estoppel by deed and estoppel by contract might well be treated together, except for the fact that estoppel by deed had a distinct historical development which seems to make a separate treatment desirable. The heading, quasi-estoppel, is intended to cover a class of cases which are generally treated under the heading estoppel, but which do not fall within any of the generally recognized subheads of the subject.

CHAPTER I.

ESTOPPEL BY RECORD.

2. **Estoppel by judgment.**—The estoppel arising from a judgment has two aspects; or rather, two different kinds of estoppel may arise from a judgment. One of these results from the effect given to the enrollment of the judgment as a matter of public record; the other from the effect given to the judgment as a declaration of rights and duties.

3. **Judgment as a record.**—The records of a court of justice are conclusive of the facts recited therein. No one, whether a party to the proceeding or not, may, in any other proceeding of any nature whatever, except one brought to correct or annul the original proceeding, impeach the latter by introducing evidence to show its inaccuracy.

Thus it is held conclusive against the whole world that the facts narrated in the record occurred; that they occurred at the time when they purport to have taken place; that the parties named as litigants participated in the cause; and that the judgment was given as stated. But, as indicated, an action may be brought to correct or annul a record in the same manner and for the same reasons that an action may be brought to correct or annul other instruments.

4. **Judgment as res judicata.**—It is a fundamental rule concerning judgments that a determination of any matter by a court of competent jurisdiction is

conclusive as to the law and facts found and adjudged between the parties to the litigation and their privies. That this is fundamental will be recognized when it is considered that the aim and object of judicial proceeding is to end disputes. There would be no end to litigation if the same issue might be litigated by the same parties an indefinite number of times.

5. **Final judgment.**—In order that a judicial determination should have this effect there must be a judgment rendered. A verdict rendered or finding made, not followed by judgment, is not conclusive. Not only this, the judgment or decree must be final. An interlocutory judgment or decree will not support the plea of res judicata. It follows, that the fact that an action is pending is no bar to a second action between the same parties on the same issue, though it may be ground for a plea in abatement.

Moreover, the judgment must have been rendered on the merits of the case. A judgment dismissing an action because of the legal insufficiency of the complaint, or because of the insufficiency of the evidence produced by the plaintiff, does not constitute a bar to another action upon the same demand. But though a judgment not rendered upon the very case presented by the plaintiff will not be a bar to an action by him upon the same claim or demand, it will operate as a bar with respect to all matters actually determined. Thus, when a suit had been dismissed for want of jurisdiction and no other suit was begun before the expiration of the Statute of Limitations, the plaintiff was held estopped in a suit

begun after such time to allege that he had begun suit within the proper time.[3]

6. **Identity of cause in issue.**—In order that a judgment may support the plea of res judicata in a subsequent action between the same parties it is necessary that there be an identity between the causes of action presented in the two cases. In the determination of the question whether two causes of action in different suits are identical or not, it is not necessarily conclusive against their identity that the form of action in the two suits is different or that precisely the same remedy is not sought in the two cases. Thus it has been held that a judgment for the defendant in an action for false representation of a certain fact is a bar to an action for warranty of the same fact.[4]

But if the cause of action in two suits was identical the judgment in the first is conclusive, even though the facts were incorrectly determined in it or the law was incorrectly applied to the facts determined. Thus it was decided in the famous case of Marriot v. Hampton[5] that where money had been paid under a judgment it could not be recovered in an action for that purpose upon the finding of a lost receipt showing that the money paid under the judgment had been paid before the action in which the judgment was recovered had been commenced.

7. **Identity of point in issue.**—A judgment, moreover, operates as an estoppel with respect not only

[3] Gray v. Hodge, 50 Ga. 262.
[4] Norton v. Doherty. 3 Gray 372 (Mass.).
[5] 7 T. R. 269 (Eng.).

to the cause of the action, but also with respect to all facts determined by the finding or verdict upon which the judgment was rendered. It is immaterial that the cause of action in the second case is different from that in the first, the facts determined in the first are conclusive evidence in the second, where the same point is brought directly in issue. Thus where one of two notes, given at the same time upon the same consideration, was sued upon and in the action it was held that the sale in consideration of which the note was given was induced by fraud, this determination of the question of fraud was held conclusive in a suit upon the second note.[6]

While a finding or verdict is conclusive of the facts found, and while the application of the law to the facts so found is equally conclusive, the rules of law laid down in one case cannot be held conclusive in other actions between the same parties as applied to other facts.

The erroneous application of the law in one action does not bind the parties to a rule of law different from that which applies to the general public.

8. **Parties.**—The estoppel of a judgment is limited, ordinarily, to the parties and privies to the action. Parties are those who have or assume the right to take part in the controversy and in any way control the proceedings. It is necessary that the bar of an estoppel be mutual; hence if only one of the parties in subsequent litigation was engaged in

[6] Gardner v. Buckbee, 3 Cow. 120 (N. Y.). If the facts were determined by a jury in equity where the verdict was merely advisory, such verdict would probably be held to be not necessarily conclusive in a second action.

the prior litigation, the judgment there obtained is binding on neither. Thus it is well settled that a judgment against a defendant in a criminal case is not conclusive against him when sued in a civil court for damage caused by the act which constituted the offense. Also an acquittal will not estop one who seeks to hold the former defendant liable civilly. Thus an acquittal on a criminal charge will not estop one from proving the charge in an action for slander. The parties in the criminal and the civil case are not the same.

The judgment, however, binds not only the nominal parties but the real parties as well. Where an action was brought against a sheriff to recover a sum of money held by him for a third person, it was held that a judgment for the sheriff was conclusive in an action brought against such third person by the former plaintiff to recover the same sum.[7]

In fact, it has been held that where the real parties are not the same though the nominal parties are, such nominal parties are not bound. Moreover, a judgment concludes a party only in the capacity in which he sues. Thus, a judgment for or against an administrator or other representative in his representative capacity does not bind him in a suit in his proper person.

A question of some difficulty arises with respect to the effect of a judgment against an agent for an act committed by the agent in the course of his employment. It seems to be held that a judgment against either the agent or the principal is a bar

[7] Tate's Ex'rs v. Hunter, 3 Strob. Eq. 136 (S. C.).

to an action against the other. This is held, probably, on the ground that the plaintiff had made an election, rather than on strict grounds of estoppel. On the other hand, it is clear that a judgment obtained by or against an agent cannot be used by or against the principal.[8]

9. **Privies.**—Not only are parties bound by an adjudication but their privies also. Privies as used in this sense include those only who have a property interest in the subject matter of the prior litigation. Such interest may be obtained by succeeding to the rights of a party, or of parties to the prior litigation; or by holding in subordination to a party or parties to such litigation. Such interest must be one acquired after the beginning of action. Thus to take an illustration of privity by succession, the grantee of land is not affected by a judgment against his grantor obtained in an action with respect to such land begun after he obtained his grant, though he would have been bound had he obtained his grant after the action was begun.

The typical illustration of privity by subordination is the relationship of landlord and tenant.

It follows from what has been said that there is no such privity between an executor and an heir that a judgment against one binds property in the hands of the other, though a judgment against the testator will of course bind the personal property affected in the hands of the executor and a judgment against the ancestor will bind the real property affected in the hands of the heir.

[8] Bigelow, Estoppel (5th ed.), pp. 125-127.

10. **Jurisdiction.**—It has been seen that only parties and privies are bound by a judgment, from which it follows that strangers are not bound and may, when the judgment is strictly in personam, attack it in any other action, whatsoever its object may be. It remains to be noted that in certain exceptional cases the judgment may be attacked in collateral proceedings by the parties themselves and their privies. These exceptional cases all rest on one of two grounds, (1) absence of jurisdiction, or (2) fraud in procuring the judgment.

In case a judgment is attacked for lack of jurisdiction the following rules prevail. With respect to residents there is a conclusive presumption in favor of the judgments of superior courts, in absence of anything in the records showing lack of jurisdiction.

In the case of inferior courts there is no such presumption in favor of jurisdiction, and the judgment may be attacked in collateral actions by the parties themselves, unless all the facts necessary to give jurisdiction are spread upon the records. But where the record of an inferior court recites the necessary jurisdictional facts, such recital is probably conclusive in the courts of the same state.[9]

Even when the record fails to show jurisdictional facts it has been held that an adjudication of the question of jurisdiction by the court trying the case is conclusive of the question of jurisdiction.

11. **Fraud.**—It is a well recognized rule that equity will entertain an action to set aside a judgment which has been obtained by fraud. The rule

[9] But see Ferguson v. Crawford, 70 N. Y. 253.

has a well recognized exception, however, that seem quite clearly established. This is, that equity will not set aside the decree of a probate court admitting a will to probate, on the ground that such probate was obtained by fraud. The reason for the exception is not entirely clear, but it seems to be held to result in some way from the exclusive jurisdiction which probate courts have over the probating of wills.[10]

Equity will, however, compel a fraudulent devisee or legatee to hold in trust for him who would have received the property devised or bequeathed but for such fraud.

Whether a judgment may be attacked by the parties in a collateral proceeding has, however, been the subject of conflicting opinion. But it has been held in several cases that this may be done.[11]

The fraud for which a judgment may be attacked as stated is limited strictly to fraud in obtaining the judgment itself. A judgment may not be so attacked because obtained on a purely fictitious claim, nor because the testimony in the action was false. The kind of fraud meant is such as would exist in case a judgment was entered against one through the treachery of his counsel, or where one was induced to permit the entry of a judgment by fraudulent representations made to him. But even when it is conceded that judgments may be collaterally attacked it may be well that such impeachment should not be permitted except where, through no fault of the

[10] See Holden v. Meadows, 31 Wis. 284.

[11] Hall v. Hamlin, 2 Watts 354 (Pa.); State v. Little, 1 N. H. 257.

party injured, a direct attack upon the judgment is impossible. An exception to this limitation should probably be permitted in the case of fraud touching the jurisdiction of the court.[12]

12. **Judgments in rem.**—In the preceding discussion it has been assumed that judgments are conclusive between parties and privies only. But there is an exceptional class of judgments by which all persons are bound. These are called judgments in rem. The grounds upon which such judgments are held to be conclusive upon every one seem to be either (1) that all persons were properly made parties, or (2) that the cause was tried between those who had the exclusive right to try it.[13]

So far as the first of these grounds is concerned it will be seen that it is but an application to an exceptional case of the principles already discussed.

The only case which seems to fill the requirements of a true judgment in rem seems to be the case of an adjudication of prize in admiralty. A striking illustration of the rule is found in the case of Hughes v. Cornelius.[14] The questions decided in this case arose with respect to a foreign judgment, but are equally applicable to a domestic judgment. The action was one of trover for a ship and goods. It was found by special verdict that the owner, master and nearly all of the crew of the ship were English; that the vessel was taken during a war between France and Holland and condemned as a Dutch prize in a French court

[12] Bigelow, Estoppel (5th ed.), pp. 217, 218.
[13] Bigelow, Estoppel (5th ed.), pp. 47, 224.
[14] 2 Show. K. B. 232 (Eng.).

of admiralty, and sold to the plaintiff Hughes under the sentence of such court, and that upon her arrival in England she was taken possession of by the defendants, servants of her former master, and converted to their own use. The court held that the sentence of condemnation was conclusive notwithstanding that the verdict falsified it with respect to the nationality of the vessel. It has also been declared that the judgment of a court of competent jurisdiction respecting the condemnation of goods seized by a customs officer is conclusive of the liability of the officer making the seizure.[15]

Decrees of divorce are conclusive against the whole world as to the status of the parties, but are not complete adjudications in rem, as they are not held to be binding so far as the findings upon which the judgment was based are concerned.[16]

Decrees of courts of probate also are held conclusive of the testamentary character of instruments and of title claimed from grants of letters of administration with a limitation similar to the foregoing with respect to the finding upon which the adjudication was based.

13. **Foreign judgments.**—In general there is little difference in respect to the effect given to a foreign judgment and a domestic judgment so far as the rule of res judicata is concerned, though judgments of foreign courts are not aided by the presumption of jurisdiction as are those of the local superior courts.

[15] Gelston v. Hoyt, 13 Johns. 561 (N. Y.); see also same case on appeal, 3 Wheat. 246 (U. S.).

[16] Hood v. Hood, 11 Allen 196, 110 Mass. 463; Gill v. Read, 5 R. I. 343.

This statement is subject to the important qualification that the judgments of foreign courts, though given full effect so far as the rules of res judicata are concerned, are not held to constitute record evidence when sued upon in a domestic tribunal. The effect of this involves a statement of the law of merger as applied to judgments. It is held by the law of merger that a security of a higher nature than the one existing, when taken for the same obligation, merges the existing security. A judgment, being the highest form of security, merges all existing securities.[17] Hence, no action may be maintained on them after the judgment is secured. But it is held that a foreign judgment does not constitute a record in the same sense that a domestic judgment does, so as to cause the original demand or existing securities to be merged in it. Hence, though a foreign judgment may be conclusive between the parties in the same way that a domestic judgment is, it does not prevent the bringing of an action on the same demand as a domestic judgment would.[18]

But the Constitution of the United States provides, with respect to the states of the Union: "Full faith and credit shall be given in each state to the public acts, records, and judicial proceedings of every other state. And the Congress may by general laws prescribe the manner in which such acts, records, and proceedings shall be proven and the effect thereof."[19] Under this provision Congress had enacted that "the

[17] Schuler v. Israel, 120 U. S. 506; King v. Hoare, 13 Mees. & W. 494 (Eng.).

[18] Smith v. Nicolls, 7 Scott 147 (Eng.).

[19] Art. IV, § 1.

said records and judicial proceedings, authenticated as aforesaid, shall have such faith and credit given to them in every court within the United States as they have by law of usage in the courts of the state from whence the records are or shall be taken."[20] Under this and supplementary acts it has been held that the judgments of sister states are to be held as record evidence throughout the United States and that all existing securities are merged in a judgment of a sister state.[21]

[20] Act of May 26, 1790.

[21] Bank of the U. S. v. Merchants Bank of Baltimore, 7 Gill 415 (Md.).

CHAPTER II.

ESTOPPEL BY DEED.

14. **Basis of estoppel.**—Estoppel by deed may be defined as a bar to the denial by the parties to a sealed instrument of its force and effect according to its terms by means of any evidence of inferior solemnity.[22]

The nature and grounds of this estoppel are very different from those that exist in the case of estoppel by judgment. The basis of estoppel by deed seemed to lie originally in the peculiar solemnity attached to a sealed instrument. The view seemed to be held that when parties had taken the trouble to reduce their agreement to writing and attach a seal to such writing the proceedings were of such solemn character and, of necessity, exhibited so much care and foresight that no evidence outside of the instrument ought to be admitted to contradict its terms. But it is a recognized fact that the existence of a sealed instrument is no longer evidence of any considerable degree of care in its execution. Hence, emphasis is now laid upon the contractual nature of the instrument, and its binding effect is more and more placed, in the case of deeds, upon the same ground as in the case of simple contracts, i. e., the intention of the parties. So it may well be doubted whether the

[22] Bigelow, Estoppel (5th ed.), p. 332.

conclusiveness of sealed instruments depends to any considerable degree upon the existence of the seal and whether it differs to any considerable extent from the estoppel of the simple contract.[23]

15. **Parties and privies.**—As in estoppel by record, only parties and privies are bound by the estoppel of a deed. Also, they only can claim the advantage of it. Thus, it has been held that one is not estopped by a deed made by him reciting that he was not the exclusive owner of certain premises when sued by one who was a stranger to the deed and who knew nothing of its contents at the time of execution, for the possession of the land described in the deed.[24] But a person acting under the authority of a party to a deed cannot claim to be a stranger to it so as not to be bound by it.

A deed binds a party in the capacity in which he made it, only; hence a deed made by one as administrator does not bind him personally.[25] Nor is one bound as administrator by a deed made by him individually.[26]

A deed works an estoppel with respect to competent parties only. Hence, a married woman under disability is not estopped by her warranty. So far as her power to make a deed extends, however, she may be estopped. An infant also is not estopped by his deed, though he will be if he ratifies it after attaining his majority.

[23] Bigelow, Estoppel (5th ed.), p. 331, note 1.

[24] Sunderlin v. Struthers, 47 Pa. St. 411.

[25] Wright v. De Groff, 14 Mich. 164. The cases are not all in accord and where there are general covenants the weight of authority is to the contrary.

[26] Metters v. Brown, 1 Hurl. & C. 686 (Eng.). But it has been held that a guardian who sells realty with covenant of authority is estopped to claim the land himself.

Privity, as used in connection with estoppel by deed, means the holding in succession to, or in subordination to, another, who is, in turn, a party to the deed, or privy to one who is a party to the deed, upon which is founded the alleged estoppel. Thus, a tenant is bound in the same way that his landlord is. However, the grantee of the title of another is not estopped in an action by a third person to show that he holds another and better title to the same land from a different source. The claimant of title to land is entitled to reinforce his title if possible.

The grantee, even in a deed poll, is, however, bound by the covenants in the deed which are meant for him, if he accepts and acts under the deed.

16. **Extent of estoppel.**—A deed which is invalid produces no estoppel. Thus, under a statute providing that a deed of a certain character should be void unless registered, provided the land conveyed was not of a certain value, an action of ejectment was begun for land held under a non-registered deed. It was contended by the plaintiff that no registration was required, as the defendant had covenanted that the land was of greater value than the required value. The defendant offered to show that this was not true and the court admitted the evidence.[27]

The estoppel in a valid deed is limited to actions based upon the deed itself, or upon some right arising out of the deed. Even between the parties the estoppel is not binding in other matters. This seems to indicate clearly that the essence of the estoppel is found in the contract contained in the deed.

[27] Doe & Chandler v. Ford, 3 Ad. & E. 649 (Eng.).

The estoppel may be met by an estoppel contained in another deed, in which case the truth may be shown by other evidence. Also, the estoppel may be met by the existence of a representation which estops the maker of it from using the deed. Also, if in other parts of the deed the truth appears, misstatements contained in the deed raise no estoppel.

17. **Same subject—Continued.**—An estoppel by deed prevents the showing that a statement of fact contained in a deed is not true. It is hardly to be presumed that parties intended that to be taken as true which is not in fact true. Hence, the rule is laid down that recitals in a deed must, in order to create an estoppel, be specific. That is, a mere general statement is not, in general, sufficient to raise an estoppel. Thus, in an action upon a bond the condition of which was the payment of a yearly rent of £170 it was held that it could not be shown that the lease upon which the rent was due stated the annual rental as £140 and that that sum had always been paid;[28] while, on the other hand, a recital in the condition of a bond that a certain person had been duly nominated and appointed collector did not prevent the fact being shown that the appointment had not been so nearly completed that the person named was entitled to act as collector.[29]

A pointed illustration of the statement that the conclusiveness of an estoppel depends upon the intention of the parties is found in the rule that the recital of consideration in a deed may not be denied,

[28] Lanison v. Tremere, 1 Ad. & E. 792 (Eng.).
[29] Kepp v. Wiggett, 10 C. B. 35 (Eng.).

while the acknowledgment of the receipt of the consideration, it is generally held, may be.[30]

18. **Title by estoppel.**—One of the most striking results of the operation of an estoppel is found in the so-called "title by estoppel." It follows from what has been said in the preceding paragraphs that if the grantor of land by deed asserts in the deed a title which he has not, and assumes to convey it, he and his privies will be estopped to deny that he possessed such title. Hence, if he subsequently acquires it he will not be able to assert it against his grantee, who will, however, be able to assert it against him. It follows that, as between the parties, the acquisition by the grantor of a title results in the obtaining of the benefit of it by the grantee, though not necessarily in the latter's obtaining the title itself. All this is explainable under the general principles of the law of estoppel. But it is insisted, and has been held in many cases, that not only is the grantor estopped to assert his after-acquired title, but that such title actually passes to the grantee. This is the title that is meant by the phrase "title by estoppel" and it is the doctrine of "title by estoppel" that presents "the most striking and the most complicated doctrine in all the 'curious learning' of estoppel."[31]

19. **Effect of common law conveyances.**—To understand the doctrine of "title by estoppel" it is necessary to speak briefly of the nature and effect of several of the common law conveyances. It is said that four of the common law conveyances possessed

[30] McCrea v. Purmort, 16 Wend. 460 (N. Y.).
[31] Bigelow, Estoppel (5th ed.), p. 384.

the efficacy to pass an after-acquired estate. These were: the feoffment, the fine, the common recovery, and the lease.[32]

Just why the lease should be held to have this effect is not clear, but the situation with respect to the others is easier to comprehend. To understand it one must understand the nature of a feoffment. The fine was, in effect, the acknowledgment of a feoffment, and the common recovery the judicial declaration of it. The feoffment itself constituted the normal mode of transferring title to land in the early common law. It developed at a time when possession was more nearly equivalent to title than it now is. It consisted in the "livery of seisin," a phrase that is nearly synonymous with what would now be understood by "delivery of possession," by the grantor to the grantee. The existence of a deed was not necessary to the transfer, though frequently used to evidence the terms of the contract. The feoffment transferred the "seisin," or possession, to the feoffee. This was true even though the feoffor had entered wrongfully upon the land without right or title. When it is understood that he who had seisin of land was held to be the one who was bound by the feudal obligations, liable to render the feudal dues, and entitled to feudal protection, it will be seen that seisin was very nearly synonymous with title. The former owner who had lost the seisin had merely the right, with marked limitations, to recover seisin. This being true, it follows that in case that right came into the hands of the feoffer he might be estopped by his deed

[32] Bigelow, Estoppel (5th ed.), p. 385.

to assert it. The right being effectually barred, the feoffee would have an indisputable title to the land. Hence, the effect of the estoppel would be to render secure a title rather than to transfer one.

20. **Effect of common law warranty.**—The estoppel necessary to perfect the title gained by a wrongful possession was found at common law in the common law warranty. This was a covenant real which bound the warrantor and his heirs to defend the title of the warrantee, and, in case the latter was evicted under a paramount title, to give the feoffee land equal in value to that lost. This liability on the part of the feoffor and his heirs might be asserted against them by way of rebutter in case they or any of them came into possession of the paramount right. Even though they had no other land than that conveyed, they would be bound under the warranty to return it, for they would then be possessed of land which could be taken under the warranty. Hence, in order to avoid circuity of action, the feoffee was permitted to interpose as a defense to an action by the feoffor or his heirs the warranty of the feoffor.

21. **Effect of modern conveyances.**—But conveyances by deed alone, and under the Statute of Uses, have always been held to be "innocent conveyances," i. e., they have never been held to actually transfer a greater right than the grantor had at the time of the conveyance. Hence, if the effect of the estoppel produced by such a deed is to leave the grantee an actual title, such title must be actually transferred by the estoppel.

It is apparent that the question of the actual trans-

fer of the title by estoppel can only arise between the grantee and someone who cannot properly be held to be a party or privy to the deed. As between the grantor and the grantee it is immaterial whether the title actually passes or not. The nature of the estoppel by deed as between grantor and grantee will be considered first.

22. **Estoppel between grantor and grantee.**—It is laid down that, in general, no estoppel is produced by a quitclaim deed, while an estoppel is produced by a warranty deed. This might seem to indicate that it is the warranty that produces the estoppel, and that it is given this effect to prevent circuity of action; but it seems that the estoppel might better be attributed to the effect given to the contract of the parties. If they agree that the grantor has title, he cannot deny it. This has been held to be true even though no action could be had upon the covenant contained in the deed, as where it has been barred by the Statute of Limitations.[33] And it is not even necessary that there be covenants of title. If the deed recites title in the grantor he will be estopped to deny that he actually had it.[34] But a warranty without recital will operate to estop the grantor, as will the other covenants of title.

Whether or not a warranty will operate as an estoppel when the recital shows that there was no title in the grantor at the date of the deed, is not clear. There has been a conflict of opinion as to whether covenants of warranty estop the grantor in a quit-

[33] Rawle, Covenants (4th ed.), pp. 401-403.
[34] Bigelow, Estoppel (5th ed.), p. 396.

claim deed, such grantor not laying claim to any particular title.[35] The same difference would probably exist where there is a direct conflict between the recital and the warranty. But since the basis of estoppel by deed appears to be contract and not representation, it would seem that, if from the whole deed it appears to be the intent of the parties that the grantor should be treated as having title, even though the recitals in the deed showed that he did not have it in fact, he would be treated as so having it.[36]

23. **Between first and second grantee from same grantor.**—The question as to whether the estoppel is effective as between the grantee of one without title and a subsequent grantee without notice from the same grantor after he acquired title, is more difficult than that just discussed. The answer involves the discussion of the two following questions: first, does the relation of privity exist between the grantor and the second grantee, so that the second grantee is bound by the same estoppel as the grantor? second, if he is not, does title actually pass by the estoppel? In answer to the first question, it seems that there is no such privity between any grantor and his grantee as to bind the latter by the estoppel of the former. The grantee in fee expects to get a complete and independent title. His position is not that of subordination to anyone. As has been shown, he may even buy in an outstanding title and then deny, even against his grantor, the title of such grantor.

[35] Bigelow, Estoppel (5th ed.), pp. 402, 403.
[36] North v. Henneberry et al., 44 Wis. 306.

Hence, it would seem that there is no such privity between grantor and grantee as to bind the grantee when a stranger would not be bound.

But a stranger would not be bound unless the title actually passes by virtue of the estoppel. If estoppel has this effect, it must be conceded that it has a very remarkable effect. The better opinion seems to be that it does not have this effect.[37] Yet it has been held in a number of cases, and said in many, that title does pass by virtue of the estoppel. This holding seems to have been founded in the first instance upon the mistaken authority of the common law conveyances referred to before.[38]

But it seems that the doctrine, however mistaken it may have been in the first instance, is gaining ground. Nevertheless, it has been held, even between grantor and grantee, that where the grantee has been evicted before the grantor got title, he cannot be compelled to accept title in lieu of an action for breach of warranty.[39]

[37] 16 Cyc. 697.
[38] Bigelow, Estoppel (5th ed.), pp. 429, 430.
[39] 16 Cyc. 698.

CHAPTER III.

ESTOPPEL BY CONTRACT.

24. **Basis of estoppel.**—The doctrine of estoppel by contract has been stated as follows: "A fact agreed or assumed to be true, as the basis of a contract, must be taken to be true specifically, until the contract itself is lawfully impeached by plaintiff or by defendant or until some legal proceeding is taken to impeach the truth of the (supposed) fact; assuming that the contract itself is not contrary to law. In other words, supposing the contract to be lawful and binding, the party or parties (it may be one, it may be all) pledging or justly assuming the fact in question will be estopped from taking any position to the detriment of other parties, inconsistent with the special fact, except for the purpose of reforming the language of a written contract and making it conform to the real terms of agreement."[40] From this it will be seen that the parties are bound by and because of their contract. It follows that the estoppel is effective only in case the contract is a legal contract. An illegal agreement being in fact no contract, is not binding even by estoppel. But, since the parties are bound by their contract, it is immaterial whether one or both know that the facts agreed to are not in fact true.

[40] Bigelow, Estoppel (5th ed.), p. 459.

25. **Distinguished from estoppel by deed.**—The distinction between estoppel by deed and estoppel by contract appears to be largely historical. So far as there is any distinction, in fact, at present, it rests upon the peculiar dignity attached to a seal. As shown in the chapter on estoppel by deed, that dignity has largely disappeared. There is, in consequence, but little distinction to be taken between estoppel by simple contract and by deed. Indeed, the distinction between sealed and other written instruments has in some states been expressly abolished by statutes, but it is very doubtful whether such statutes have materially affected the law of estoppel by deed.

26. **Estoppel of corporations.**—The estoppel may extend to the right to deny the character in which the contract was executed. Thus, one who contracts as an executor or as an agent will be estopped to deny that he was in fact such executor or such agent. This application of the doctrine is of great importance in the law of corporations in estopping an association which has dealt as a corporation to deny that it is a corporation. This estoppel occurs in the case of corporations which are outside the realm of de facto corporations.

A de facto corporation is created where there is an attempt in good faith to organize a corporation under a valid law, a colorable compliance with the law, and a user of the powers so assumed.[41] Where such a corporation exists it is held that only the state can object to the assumption of such powers

[41] Clark, Corporations, p. 78.

and all others are bound to recognize the existence of the association as a corporation independent of any question of estoppel. But where there is not even a de facto corporation an association which contracts as a corporation will be estopped to deny that it is a corporation.

27. **Same subject—Continued.**—Where an association which is not a de facto corporation is estopped to deny that it is a corporation, the estoppel is based ordinarily upon the same ground that the estoppel of an individual who has contracted in a certain capacity is based. That is, having contracted in a certain capacity, the association has implicitly agreed that it has that capacity and is not allowed to deny that it has it. Thus, it may be possible for a person who has made a contract with an association as a corporation to sue and hold it as such, when others who had not so dealt with it would be obliged to sue the members of the association as individuals.[42]

It has also been stated that those who deal with an association as a corporation, recognizing and treating it as such, are estopped to deny that it is in fact a corporation.[43] But it may well be doubted whether this may not better be attributed to that rule which prevents one party to a contract from denying the capacity of the other.[44]

The estoppel is limited to contracts such as are legal and such as a corporation might have been created and empowered to make.

[42] Clark, Corporations, pp. 96-99.

[43] Clark, Corporations, pp. 92-93. See subject, PRIVATE CORPORATIONS.

[44] Bigelow, Estoppel (5th ed.), p. 463.

28. **Negotiable instruments.**—The acceptor of a bill of exchange admits the existence and capacity of the drawer or payee; the drawer admits the existence and capacity of the payee, the maker of a promissory note admits the existence and capacity of the payee, and all persons negotiating negotiable instruments, with or without indorsement, admit the existence and capacity of all prior parties.[45] These admissions may be taken advantage of by the parties to whom the instrument is transferred. The conclusiveness of these admissions gives them the character of estoppels.

It appears that the indorsement of a negotiable instrument operates not only to prevent the indorser from denying the capacity of the prior parties in case the indorsee does not know of their incapacity, but even in case he does know of it. That is, the estoppel is based upon the agreement of the parties and not upon a representation.[46]

The estoppel of any party to a negotiable instrument goes, however, to the existing capacity of the other parties, and in case it is negotiated later by one of them, or in case an additional liability is assumed by one of them with respect to the instrument, the estoppel does not extend so far as to prevent the denial of his or their capacity. Thus, if the payee of a promissory note were to become insane after the execution of the note and were then to indorse it, which indorsement was later repudiated by him or his representatives, the maker of the note would not

[45] See subject, NEGOTIABLE INSTRUMENTS.
[46] Erwin v. Down, 15 N. Y. 575.

be estopped to deny the payee's capacity to indorse at the date of indorsement.[47]

29. **Same subject—Continued.**—The estoppel of a party to a negotiable instrument extends beyond the estoppel to deny the capacity of other parties. It extends in many cases to their signatures. Thus, the indorser of such an instrument cannot deny the signatures of any prior parties. The acceptor of a bill of exchange admits the genuineness of the signature of the drawer. This is illustrated by the leading case of Price v. Neal.[48] This was an action to recover from Neal the amount of two bills of which Price was the drawer. One of the bills had been accepted and the other had been paid without acceptance. Both had been forged. It was held that there could be no recovery. The rule is subject to the limitation that only those who receive the instrument after acceptance can take advantage of the estoppel, a distinction which, apparently, was not noticed in the case of Price v. Neal.[49]

The further limitation exists in favor of the acceptor that he is estopped as to the signature of the drawer only, and not as to the signatures of indorsers. This is true even where the indorsement is in the same hand as the signature of the drawer.[50] Nor is an acceptor estopped to deny that the instrument has been altered since issued and before acceptance. Thus, where plaintiffs sued to recover the amount paid by them upon a bill, the amount of which

[47] Bigelow, Estoppel (5th ed.), p. 437.
[48] 3 Burr. 1354 (Eng.).
[49] Bigelow, Estoppel (5th ed.), p. 491.
[50] Beeman v. Duck, 11 Mees. & W. 251 (Eng.).

had been raised and the name of the payee in which had been altered, it was held that they were entitled to recover.[51]

30. **Receipts.**—The rule that the conclusiveness of an estoppel depends upon the intention of the parties is nowhere better illustrated than in the case of the statement of a consideration in a contract and the acknowledgment of its receipt. It is ordinarily held that such allegations are not binding beyond the point where it was contemplated they should be deemed binding. A striking illustration is found in the case of deeds of real estate. In this case the courts have held that, though the parties are estopped to deny the consideration for the purpose of defeating the deed, they may show that it has not been paid as stated in the deed, or that an entirely different consideration from that stated was agreed to be given. Thus, where the deed stated the consideration to be money paid, evidence was permitted to show that the consideration, in reality, was not money, but iron.[52]

It has also been held with respect to the acknowledgment of receipt of goods in a bill of lading, and of the premium in an insurance policy, that such acknowledgments are not conclusive.[53]

The acknowledgment of receipt may, however, operate as an estoppel in favor of third persons who have relied upon the acknowledgment, but such estoppel is based upon representation and reliance rather than contract.

[51] Bank of Commerce v. Union Bank, 3 Comst. 230 (N. Y.).
[52] McCrea v. Purmort, 16 Wend. 460 (N. Y.).
[53] Witzler v. Collins, 70 Me. 290; Baker v. Union Life Ins. Co., 43 N. Y. 283.

CHAPTER IV.

ESTOPPEL BY MISREPRESENTATION.

31. **Definition.**—Estoppel by misrepresentation differs from estoppel by record in that the estoppel is not based upon a finding of fact which may not be disputed; and from estoppel by deed and estoppel by contract in that it is not based upon the agreement of the parties. The estoppel also is not mutual, as in the other cases, but applies to one of the parties only. He is estopped because he has made a misrepresentation of a material fact which he should have known was calculated to deceive and which has deceived another and caused him to act to his injury. Of course, in such an estoppel there can be no mutuality; the bar of the estoppel operates against one of the parties only. He is estopped because it is held to be unfair to the person who has been deceived to permit the one who has deceived him to change his position.

Estoppel by misrepresentation is a doctrine of comparatively recent development in the law. The old form of estoppel, which in certain cases precluded the truth from being shown, was based upon rules which were technical in their nature and arbitrary in their effect. Hence, such estoppels were considered with disfavor by the courts and were required to be strictly made out. Such an attitude does not prevail with respect to the modern estoppel by

misrepresentation, which is founded upon the "ground of promoting the equity and justice of the individual case, by preventing the party from asserting his rights under a general technical rule of law when he has so conducted himself that it would be contrary to equity and good conscience for him to allege and prove the truth."[54]

32. **Misrepresentation of fact.**—The misrepresentation must be a misrepresentation of fact, as distinguished from misrepresentation of opinion. The foundation of this distinction is that, while one must rely for his information, very frequently, upon the superior knowledge of others, he is able to form from the knowledge thus acquired his own opinions or judgments. And what he can do, it is held in this instance, he must do. One cannot rely upon the superior judgment of his neighbor, and then, in an action between him and such neighbor, prevent him from showing that the judgment was erroneous. What constitutes a statement of fact and what a statement of opinion is not always easy of determination. In fact, the same statement may, between different persons or between the same persons under different circumstances, constitute at one time matter of fact and at another time matter of opinion. An illustration drawn from the law of restitution in equity may serve to explain the foregoing statements. A statement by a vendor of land with respect to the quality of the land is held, ordinarily, to be a statement of opinion, while a statement as to the price paid by him for the land constitutes a state-

[54] Horn v. Cole, 51 N. H. 287.

ment of fact. Upon the first statement the vendee is not entitled to rely, while upon the second he is. Yet it has been held in a number of cases that a statement by a vendor with respect to the quality of the land which the vendee had not seen and which he had no opportunity to examine, constituted a statement of fact. This merely means that, ordinarily, a statement of the quality of land is a statement of a conclusion based upon information open to both parties. Where the information is before both, each must form his own opinion. But where the information is not open to both, it is held sometimes, as in the illustration given, that the person to whom a statement of opinion is made is entitled to assume that it is based upon such information as such statements are usually based upon. It is where judgments are founded upon processes of reasoning open to both parties that neither is entitled to rely upon the opinion of the other.

The same rule prevails with respect to statements of intention. One is not entitled to assume that the intention of another will not change before the date of action arrives. One is, however, entitled to assume that the other is faithfully portraying his present state of mind, and, if telling an untruth with respect to that, he will be held in deceit, at least for the loss occasioned by his own misstatement.

33. **Same subject—Continued.**—It is sometimes said, in addition to the distinction taken between statements of facts and statements of opinion or of intention, that no relief can be given on the ground of a misstatement of law, as distinguished from a

misstatement of fact. The alleged distinction is commonly stated to rest upon one of two reasons, which are, however, to some extent contradictory. The first reason given is, that everyone is presumed to know the law, and, hence, cannot be deceived with respect to it; the second is, that the law is not susceptible of exact determination, hence statements of law are mere statements of opinion upon which those to whom the statements are made are not entitled to rely.

The first of these reasons probably had its inception in the statement contained in the case of Bilbie v. Lumley,[55] "Every man must be taken to be cognizant of the law; otherwise there is no saying to what extent the excuse of ignorance might not be carried." If every man is taken to be cognizant of the law, there could, of course, be no deception with respect to it. Thus, it has been said, "A misrepresentation of a matter of law does not constitute a fraud, because the law is presumed to be equally within the knowledge of all parties."[56] But any presumption that everyone knows the law has no basis in fact. If there is such a presumption and the presumption is held to be conclusive, this is but another way of saying that one's knowledge or ignorance of the law is immaterial. But that is the rule that is applied in criminal actions, on sound grounds of public policy, when ignorance of the law is attempted to be pleaded as an excuse for the commission of an act which is alleged to create a criminal liability. It is not be-

[55] 2 East 469 (Eng.).
[56] Powell v. Smith, L. R., 14 Eq. 85 (Eng.).

lieved that this rule is equally applicable in a civil action between private parties.

The second reason stated seems to be based on better grounds. It is true that a statement of the law with respect to any particular question is usually the statement of a conclusion based upon an examination of the facts involved and an application thereto of certain assumed principles of law. Hence, a statement of law may be held to be a statement of opinion. So far as it constitutes a statement of opinion, the one to whom it is made is not entitled to rely upon it, for the reasons given above. But there may be statements of law which involve the assumption of certain facts upon which the one to whom they are made is entitled to rely. Moreover, the distinction between law and fact is not clearly defined, and it is not true that all so-called questions of law are so uncertain that they constitute matter of opinion within the meaning of the rule that one is not entitled to rely upon statements of opinion. Hence, while the distinction between statements of fact and statements of opinion seems to be sound and justifiable, the distinction between statement of law and statement of fact seems neither sound nor useful.[57]

34. **The fact must be material.**—It seems almost self-evident that the misrepresentation which justifies an estoppel must be material. An action predicated on a statement of an immaterial fact cannot warrant an estoppel. But what constitutes a material fact is not easily determined. In the great majority of cases the materiality seems to be assumed when

[57] Ewart, Estoppel, pp. 72-78.

reliance is proved. No doubt a presumption of materiality naturally arises in such a case. Yet it seems that it should be permitted to be rebutted, if possible. In few cases does the effort seem to have been made, however, in such a manner as to call for a judicial definition of materiality. But it seems that there can be no doubt of the theoretical soundness of the definition of Sir Frederick Pollock, who defines it as "Anything which would affect the judgment of a reasonable man, governing himself by the principles on which men act in the kind of business in hand."[58]

35. **Misrepresentation need not be intentional.**— For the purpose of discussing the moral quality of the misrepresentation the following exceedingly useful classification has been made: First, misrepresentations have been divided into (a) personal, and (b) assisted misrepresentations; second, the personal misrepresentations have been subdivided into (a) active, and (b) passive misrepresentations.[59] By personal misrepresentation is meant, as the name implies, a misrepresentation made personally by one who is sought to be estopped. An assisted misrepresentation exists where the representation was in fact made by a third person, whose representation was, however, made possible or credible by some act of the one alleged to be estopped.

By active misrepresentation is meant a misrepresentation affirmatively made by the one sought to be estopped; by passive misrepresentation is meant a misrepresentation made by remaining silent under

[58] Pollock, Contracts (6th ed.), p. 550.
[59] Ewart, Estoppel, p. 13.

circumstances which make such silence produce an erroneous impression.

With respect to an active misrepresentation, it is clear that he who makes it is estopped even though he did not know it to be untrue, or even though he thought it to be true and was justified in so thinking. That is, lack of intention to mislead and the presence of care in making a statement will not prevent one from being estopped if it proves to be, in fact, untrue.[60] Where, however, this misrepresentation is accomplished by remaining silent where speech might be expected, some degree of moral culpability must exist in order to create an estoppel. Take a common illustration of so-called passive misrepresentation. A owns a horse which B sells to C as his, B's. When A demands the horse of C, he, C, insists that A is estopped to assert his title because he stood by when B sold the horse and did not assert his title. Now, it is evident that it would be highly unfair to estop A, unless he, when standing by, knew that B was selling the horse as his own. Such is, as might be expected, the law. To this is added the further qualification that, in order to be estopped, A must have reasonable grounds to believe that C did not know the real state of the title. Hence, in passive misrepresentation there is necessarily culpability. This is involved in the very thing represented; for what A represented to C was that he, A, knew of no reason why he should speak. If that was true, A could not be estopped.

In assisted misrepresentation it seems that negli-

[60] Ewart, Estoppel, p. 94.

gence may be essential in order to raise the estoppel. Thus, suppose that A were to place in the hands of B the power to make a misrepresentation, as by leaving in his possession a check signed by A with the amount so inserted that it might be raised; it would seem that the liability of A should depend upon whether he could be held to be negligent in so leaving the check.[61]

36. **Must be reliance.**—A misrepresentation, in order to create an estoppel, must have been directed toward the person relying upon it; and, in order to raise the estoppel, it must have been relied upon. As to the first point suggested, it is held that a stranger, to whom the misrepresentation was not intended to be made, cannot rely upon the misrepresentation and then estop the maker of it.[62] The justice of this is apparent when it is remembered that the fact that the misrepresentation was innocently made will not prevent the estoppel from arising. But it is not necessary that the misrepresentation be made directly to the one who relied upon it. A representation may be made in such a manner that it even constitutes a misrepresentation to the general public, and, if any person relies upon it, the maker is estopped to deny its truth.

Moreover, the misrepresentation must have been in fact relied upon. Though a misrepresentation be made for the purpose of producing reliance, even though intentionally false, if there was no reliance, no change of position, or, in case of change of position

[61] Ewart, Estoppel, p. 98.
[62] Hosegood v. Bull, 36 L. T. (N. S.) 617 (Eng.).

disbelief in the representation, or absence of reliance for any reason, there can be no estoppel. Thus, certain safe-makers transferred possession of a safe to a bargainee under a contract of hire and sale, and, at his request, painted his name on it. The bargainee afterward sold the safe to one who relied upon the name as evidence of title, but who could not show that he knew that the safe-maker painted it there, and, in consequence, that he relied on their representation. Hence, it was held that they were not estopped.[63]

37. **Reliance must produce prejudice.**—It is fundamental in estoppel by misrepresentation that he who asserts the estoppel must have changed his position on the faith of the misrepresentation. But, as frequently happens, the application of the rule is not always easy. Sometimes it is difficult to determine what constitutes a change of position. It does not necessarily mean an affirmative change consequent upon the misrepresentation. "If he has not acted upon it, but has means in his power to retrieve his position, and, relying upon the statement, and in consequence of it, he refrains from using these, his claim will be upheld."[64] It has been held that a mere change in the style of living constituted such a change in position as to produce an estoppel. Thus, where an officer was erroneously given credit by a paymaster for money received on his account which had not, in fact, been received, it was held that the paymaster was estopped to deny that the money had

[63] Walker v. Hyman, 1 Ont. App. 345 (Can.).

[64] Continental National Bank v. National Bank of the Commonwealth, 50 N. Y. 575.

been received, though the only change in position that was shown was the presumed accommodation of the officer to his supposed income.[65]

What constitutes prejudice is almost equally difficult of definition. Whether a man is worse or better off than he would have been if he had or had not taken a certain action is often a speculative question that does not admit of a conclusive answer. But it is probably true that it is sufficient prejudice, within the meaning of the rule, if a man has so irrevocably changed his position that it is impossible for him to get back to the position he would have been in but for the change made on the faith of the misrepresentation.[66]

38. **Effect of estoppel.**—The estoppel does not, in form, give rise to a cause of action, though its effect may be to create a cause of action where none would otherwise exist. Thus, suppose that A were to stand by while property belonging to him was sold, the circumstances being such as to create an estoppel against him, but not to give rise to an action for deceit. If he were later to take the property from the possession of the vendee, the vendee might bring an action against him for the conversion of the property, alleging title in himself, and estop the true owner to show the contrary. No other remedy would, under the circumstances, seem to be available.

Whether the estoppel applies to privies is a vexed question and one which is not, in the present state of the law, entirely clear. The soundest view would

[65] Skyring v. Greenwood, 4 B. & C. 281 (Eng.).
[66] Ewart, Estoppel, p. 149.

seem to be that the estoppel gives rise to a right in personam, in the nature of an equitable right, against him who makes the misrepresentation. In so far as the estoppel relates to specific property, an equity may thus be said to attach to it. This being true, those who purchase such property will be bound or not by the estoppel according to whether or not they are innocent purchasers for value under the rules of the courts of equity, "The rule being that the privies of a grantor who is estopped are not estopped if they are subsequent purchasers for value, and have no notice that he is estopped."[67]

[67] Rutz v. Kehr, 143 Ill. 558.

CHAPTER V.

QUASI-ESTOPPEL.

39. **General principle.**—Under the heading of this chapter it is intended to discuss subjects which do not come within the ordinarily accepted definition of estoppel, but which are so closely related in principle to the subjects properly covered by such definition that they may profitably be considered in connection therewith. The general principle underlying these cases to be discussed is that one may not accept benefits under a conveyance or contract and at the same time deny the validity and efficacy of such conveyance or contract.

40. **Election.**—An illustration of the foregoing principle may be found in cases usually discussed under the doctrine of election. Suppose that A were to make a will devising a plot of land called Blackacre to B and a second plot called Whiteacre to C. Suppose, further, that Blackacre did not belong to A, but belonged to C. Under the doctrine of election C could not claim Whiteacre under the will and at the same time deny that Blackacre passed by the will to B. Of course, C might insist that Blackacre belonged to him and deny the power of the will to convey it away from him, but he could not do this and at the same time claim Whiteacre under the will. In such a case he would be compelled to elect to accept or reject the will in its entirety. A familiar

application of the doctrine of election as thus stated is found in the case where a provision is made in a will for a widow in lieu of dower. Though dower is a statutory right, in most instances, which can not be barred by will, yet if the widow elects to take under the will she can not at the same time claim her right of dower.

The doctrine of election is not applied where it appears to be the intention of the grantor or testator that it should not be. Thus, if a testator, having two sons, devised land belonging to the elder to the younger and then, among other gifts, devised another tract of land to the elder which was expressly stated to be in lieu of that devised to the younger, the elder son would be compelled to elect between those two pieces of land only.[68] The intention to require a widow to be put to her election with respect to her dower must at common law be clearly shown.[69] By statute this rule is changed in many states and the widow is put to her election, unless the will clearly shows that it was the intention of the testator that she should not be.

41. **Acceptance under will.**—One who enters into possession of property under a will is estopped to deny that the devisor had the right to devise the property and to set up a title contrary to the terms of the will. Thus, where one entered upon land as tenant for life, under a will, it was held that his heirs could not show as against the remaindermen that the original devisor had but an estate for life;

[68] Wilkinson v. Dent, L. R., 6 Ch. 339 (Eng.).
[69] Bull v. Church, 5 Hill 206 (N. Y.).

that he had, therefore, no title; and that the supposed tenant for life under the will really held a wrongful possession, which had given him title by adverse possession.[70] An administrator or executor also, who has taken possession of property under a grant of probate or letters of administration, will not be permitted to deny the title of the deceased without first giving up possession of the property.[71]

42. **Landlord and tenant.**—A tenant who has taken possession under a lease from his landlord will not be permitted to deny the title of his landlord for his own advantage. This has been stated to be the legal effect of carrying the contract of lease into effect,[72] but it seems not to differ in principle from the cases already discussed.

The estoppel of the tenant does not depend upon the nature of the instrument under which he holds, or whether he holds under any written instrument at all, but upon the taking of possession with the landlord's permission. The estoppel against a tenant prevents him from buying in a title adverse to that of his landlord and claiming under it; from setting up an outstanding title when action is brought against him under the terms of the lease; and from attorning to one who claims adversely to his landlord and then denying his landlord's title. If, however, a tenant is actually evicted by a title paramount to that of his landlord, he is thereby released from liability under his lease, and it has even been

[70] Board v. Board, L. R. 9 Q. B. 48 (Eng.).
[71] Smith v. Sutton, 74 Ga. 528.
[72] See Bigelow, Estoppel (5th ed.), p. 506.

held that where a tenant, to prevent actually being expelled, yielded, with the knowledge of his landlord, to the superior title of another, he was no longer estopped.[73]

It is held that one may be estopped to deny the title of another whom he has acknowledged as a landlord, even though he had been in possession at the time such acknowledgment was made. But in such a case it is open to the tenant to show that such acknowledgment was made by mistake.

A tenant is not estopped to show that the title of his landlord has expired since the creation of the tenancy. The estoppel relates to the title at the time possession was taken under the landlord or acknowledgment of the right of the landlord made. Also, even though the tenant may not show a better title than that of his landlord, he may disclaim the title of his landlord in such manner as to give the landlord a right to eject him, and thereby start the Statute of Limitations to running, which may thus enable him to acquire a title by adverse possession.[74]

The vendee who takes possession under a contract of purchase is in a situation similar to that of a tenant. While holding possession under the contract he cannot refuse to perform the obligations of his contract. If he buys in an outstanding title he can be compelled to pay the difference between the contract price and the price he has paid for such outstanding title.[75]

[73] Morse v. Goddard, 13 Met. 177 (Mass.).
[74] Bigelow, Estoppel (5th ed.), p. 534.
[75] Bush v. Marshall, 6 How. 284 (U. S.).

However, where the purchase price is already paid and the deed secured the grantee is not bound by the title thus acquired but may strengthen it by buying in any other title and relying upon it.

43. **Bailor and bailee.**—As with a tenant of land, so it is with one who enters into the possession of goods as the bailee of another. He may not for his own benefit take advantage of the trust imposed in him by denying the title of his bailor. Thus where one was sued for money had and received as the result of the sale of goods placed in his possession as auctioneer for purpose of sale it was held that he could not show title in himself.[76] But where a superior right is asserted against the bailee he will not, unless he has taken possession with knowledge of such right,[77] be compelled to account to the bailor for the goods.[78]

44. **Assignee.**—An assignee of a patent cannot refuse to account for profits under his contract of assignment on the ground of the invalidity of the patent when such invalidity has not affected the realization of such profits. Where the defendants made and sold machines under a license from the plaintiff who had a patent upon such machines, it was held, in an action on the contract under which such machines were manufactured, that the defendants could not deny the validity of the patent and must account for the profits.[79]

[76] Osgood v. Nichols, 5 Gray 420 (Mass.).
[77] Ex parte Davies, 19 Ch. D. 86 (Eng.).
[78] Biddle v. Bond, 34 L. J., Q. B. 137 (Eng.).
[79] Kinsman v. Parkhurst, 18 How. 289 (U. S.).

BIBLIOGRAPHY.

The leading work on the subject of estoppel is *Bigelow* on Estoppel. Other works on the subject are *Cababe* on Estoppel, and *Ewart* on Estoppel. The last work is confined to a discussion of estoppel by misrepresentation and is an extremely interesting and valuable treatise on that subject. A valuable article on estoppel of a tenant to deny his landlord's title may be found in 5 American Law Review, p. 1. A brief statement of the general principles of the law of estoppel, supplemented with the citation of numerous cases, will be found in 16 Encyclopedia of Law and Procedure, p. 671.

QUIZ QUESTIONS

ESTOPPEL

(The numbers refer to the numbered sections in the text.)

1. Define estoppel.
2. In what way do different kinds of estoppel arise from a judgment?
3. In case the record of a judgment is incorrect, what relief may be secured?
4. Why should a judgment be conclusive as to the law and facts found and adjudged as between the parties?
5. Upon what must a judgment have been rendered to have the effect of an estoppel?
6. In order that a judgment may bind the same parties in a subsequent action, what is necessary with respect to the cause in issue?
7. Supposing that, in an action brought by A against B asking for the rescission of a contract for the sale of a horse by A to B, on the ground of fraud, it was determined that B was not guilty of fraud in making the sale, would such finding prevent A from setting up fraud as a defense to an action for the purchase price? Why?
8. If, in an action between A and B, A were found guilty of defrauding B, would such finding be binding on A in an action against C for libel for accusing A of defrauding B?
9. What is meant by privity? Illustrate.
10. Under what circumstances may the question of want of jurisdiction be raised by the parties to an action in another proceeding?
11. A sued B upon a debt which B had paid, but owing to his inability to find the receipt A recovered judgment. B later found the receipt. Is the judgment binding in another action between the same parties?

12. What is a "judgment in rem"? Upon what does its conclusiveness seem to depend?
13. What important distinction is found between foreign judgments in rem and domestic judgments in rem?
14. Define "estoppel by deed." What is the basis of estoppel by deed?
15. Why is estoppel by deed binding upon competent parties only?
16. To what actions is the estoppel in a deed confined?
17. What is the distinction as to estoppel between general and specific recitals? Illustrate.
18. What is the doctrine of "title by estoppel"?
19. Explain the operation of a "feoffment" at common law.
20. In what way would warranty protect a holder by a wrongful feoffment?
21. What is an "innocent" conveyance?
22. A made a conveyance, with warranty, to B of land which he, A, did not own. A later became bankrupt and received his discharge. He afterward acquired title to the land he had attempted to convey. Would he be estopped to assert such afterward-acquired title as against his grantee?
23. Should or should not an estoppel against a grantor bind an innocent grantee of such grantor?
24. Define "estoppel by contract."
25. Distinguish between estoppel by contract and estoppel by deed.

26-27. Explain how an association may be estopped to deny that it is a corporation. Illustrate.

28-29. What were the facts in the case of Price v. Neal? What was the holding?

30. A conveyed a parcel of land to B by deed. The deed stated that the conveyance was made, "in consideration of the payment of the sum of six thousand dollars, receipt whereof is hereby acknowledged." No consideration was, in fact, paid nor was any agreed or expected to be paid. Would A be estopped to deny either of these facts? Why?
31. What is meant by "estoppel by misrepresentation"? Why is such estoppel not required to be strictly made out?
32. Distinguish between representation of fact and representation of opinion. Illustrate.

33. Distinguish between representation of fact and representation of law. Illustrate.
34. What is the meaning of the term "materiality" as used in estoppel? What would be the effect of reliance upon a misrepresentation of an immaterial fact?
35. A stands by while B sells his, A's, horse to C as his, B's. Suppose, first, that A mistakenly believed that the horse belonged to B. Would he be estopped from asserting his title against C? Suppose that he knew that the horse belonged to himself. Would he be estopped in that case? Why?
36. What is meant by reliance on a misrepresentation? Why does reliance produce an estoppel?
37. What constitutes prejudice? Illustrate.
38. If one purchases property from one who owns it but who is estopped to assert his title to it, is such grantee estopped by virtue of the estoppel of his grantor?
39. What is the general principle underlying the cases discussed in quasi-estoppel?
40. What is the effect of the doctrine of election where property which belongs to one is conveyed to another by the same conveyance which conveys to the first person other property?
41. If A receives a life estate by will from one who has no title, can his heirs, after his death, set up the fact that his grantor had no title against those to whom the remainder was bequeathed?
42. When is a lessee estopped to deny the title of his landlord?
43. Under what circumstances is a bailee estopped to deny the title of his bailor? Illustrate.
44. Assuming that a license to sell intoxicating liquors may be transferred, may the transferee show the illegality of the license in an action for the purchase price?

PART V

ADMIRALTY LAW

BY

GEORGE C. HOLT, A.B., LL.B., LL.D.*

CHAPTER I.

THE HISTORY AND DEVELOPMENT OF ADMIRALTY LAW.

1. **Nature of admiralty law.**—Admiralty law is that branch of law which governs transactions upon the sea and navigable waters. The law of the admiralty and the procedure of courts of admiralty are peculiar and distinct from those of the courts either of equity or of common law. The law of the admiralty is one of the most ancient and venerable branches of the law, and is one of the most interesting in various respects. It prescribes the duties and governs the liabilities of ship-owners, mariners, and merchants engaged in foreign commerce. For a student of the philosophy of law, it is peculiarly interesting because its history shows more clearly than that of any other department of the law the fact that all law has its origin in custom. The law of the admiralty took its rise in the customs of the sea and of commerce, and the procedure of the courts of admiralty took its rise in the customs of those courts; and there

* Former United States District Judge, Southern District of New York; Former Lecturer on the Law of Shipping and Admiralty, Cornell University.

is no branch of law which shows as clearly as the admiralty law the fact that law is based on custom.

2. **Origin of admiralty law and courts.**—When, after the Middle Ages, commerce revived, the consuls of different countries, at the principal ports, naturally became arbitrators of questions arising in commerce, and in this way a system of consular courts arose. These courts decided questions in relation to the navigation of vessels in accordance with the customs of navigators, and questions arising in maritime commerce in accordance with the customs of merchants. In this way there gradually developed a rude law of the sea. This law was formulated, at an early age, in various codes or rules.

3. **The earliest admiralty codes.**—The earliest of these maritime codes was the code commonly called the Consolato del Mare. This book was originally written in the Catalan dialect, at Barcelona, probably in the thirteenth or fourteenth century. It was in its Italian translation called the Consolato del Mare, and under that title it became most widely known.

The next oldest of these codes were the Laws or Rules of Oleron. Oleron is an island off the French coast, in the Bay of Biscay. The Laws of Oleron were originally written in the language of Gascony. The fact that there was no English admiralty code then existing led to the Laws of Oleron being adopted as the law of the admiralty in England. They practically governed commerce in the English Channel and on the coast of France outside the Mediterranean. The Laws of Wisbuy were probably first formulated about 1300. Wisbuy was a city on the Island of

Gothland, in the Baltic Sea. The city has now almost absolutely disappeared, but it was, in the Middle Ages, a flourishing commercial city. These three codes originally constituted the maritime law of Europe, the Consolato del Mare furnishing the maritime law on the Mediterranean, the Laws of Oleron in the waters about France and England, and the Laws of Wisbuy in the Baltic Sea.

There are also later codes. The Laws of the Hanse Towns were probably first promulgated about 1590. All these codes deal rudely with most of the subjects of the jurisdiction of the consular courts, and with the rights and duties of the master and sailors.

4. **Jurisdiction of the consular courts.**—These consular courts are described in the Consolato del Mare as having exclusive jurisdiction in all controversies respecting freights; damages to goods shipped; wages of mariners; partition of ships by public sale; jettison; debts of masters for necessaries; agreement between master and merchants; goods found on sea or shore; and generally of all contracts governed by the customs of the sea. There is nothing in the old codes about marine insurance. There was no such thing until about the seventeenth century. The Marine Ordinance of Louis XIV, which constitutes a large and admirable maritime code, much more complete and modern than anything which preceded it, first treats of the subject of marine insurance. There is a translation of the Consolato del Mare in Sir Travers Twiss' edition of the Black Book of the Admiralty, and of the Laws of Oleron, of Wisbuy, of the Hanse Towns, and the Marine

Ordinance of Louis XIV, printed as an appendix to the thirtieth volume of the Federal Cases.

5. **The origin of the English Court of Admiralty.**—In England, soon after the revival of commerce, the office of Admiral was created, and the Admiral became the head of the British fleet. In that position, he naturally had to determine various questions arising in his department. The result was the establishment of an Admiral's Court. As the English navy and English shipping developed, there became established a governing board called the Admiralty, under which existed the Court of Admiralty which administered the maritime law of England. The foundation of that law was the general admiralty law of the Continent, the English Courts of Admiralty particularly giving great weight to the Laws of Oleron. The Court of Admiralty in England had become well established at an early age, but a conflict arose between the English common law courts and the admiralty court. The procedure in the ancient admiralty court was expensive and dilatory, in marked contrast to the simple and prompt procedure in the common law courts, and statutes were passed at the time of Richard II restricting the jurisdiction of the admiralty courts entirely to the sea and to waters where the tide ebbed and flowed.

6. **The former limited jurisdiction of the English Court of Admiralty.**—Later the judges of the common law courts partook of the popular feeling, and for many years the common law judges, and particularly Sir Edward Coke, the famous Chief Justice, denied and restricted the jurisdiction of the admi-

ralty court in many respects. For instance, it became the rule in England that admiralty had no jurisdiction except where the tide ebbed and flowed. It had no jurisdiction of any contract made on land to be performed on water, or made on water to be performed on land. This excluded all jurisdiction of suits on charter parties, policies of marine insurance, bills of lading, and substantially all maritime contracts except sailors' wages and bottomry bonds, both of which logically should have been excluded. The rule also excluded all torts or crimes committed within the body of a country or where the common law courts had jurisdiction, thus taking away from the admiralty courts jurisdiction of all torts or crimes committed on rivers or in harbors, and substantially on any waters except on the high seas. The result was that the jurisdiction of the English admiralty courts at the time of our Revolution was very much more restricted than that of the admiralty courts of any other country in Europe. In the last century, however, by an Act of Parliament, the original jurisdiction of the English admiralty courts was largely restored, so that at the present time these courts exercise nearly the same jurisdiction that the admiralty courts of other countries exercise.

7. **The colonial admiralty courts.**—Prior to the American Revolution, the various colonies had admiralty courts existing by virtue of commissions from the Crown. These commissions, drawn in general terms, ordinarily conferred a wide admiralty jurisdiction, and the colonial courts before the Revolution usually followed the general principles of admiralty

law as declared on the continent of Europe, although in some respects they were influenced by the narrower doctrine of the English law. During and after the Revolution, the various states which were formerly colonies continued these admiralty courts as they existed, and they were in active operation up to the time of the adoption of the Constitution. Thereafter admiralty jurisdiction was granted in the Constitution and the Judiciary Act.

CHAPTER II.

THE JURISDICTION OF THE AMERICAN COURTS OF ADMIRALTY.

8. **The constitutional provision concerning admiralty law.**—Article III, § 2, of the United States Constitution provides that "The judicial power shall extend * * * to all cases of admiralty and maritime jurisdiction."

Section 9 of the Judiciary Act of 1789 provided that "the district courts * * * shall have exclusive original cognizance of all civil causes of admiralty and maritime jurisdiction," and this section is substantially reënacted in the Judicial Code, Sec. 24, or U. S. Code, Title 28, Sec. 41, Subsec. 3.

Upon these sections of the Constitution and the Judiciary Act the admiralty jurisdiction of the federal courts substantially depends. No attempt is made in them to define what are cases of admiralty and maritime jurisdiction. Those questions were left to be determined by the recognized admiralty law as it existed at the time of the adoption of the Constitution as construed by the courts. The admiralty law as it then existed has been modified to some extent by statutes, such as the act limiting the liability of shipowners, the Harter Act, and others; but it still remains true that the greatest part of the existing admiralty law has existed for centuries and took its rise in the customs of commerce and of the sea.

9. **The American test of admiralty jurisdiction.**—The rule in this country is that all navigable waters are subject to admiralty jurisdiction. The rule in England was that the admiralty jurisdiction was restricted to waters in which the tide ebbed and flowed. This rule, in England, was practically equivalent to making navigability the test, as there are very few rivers in England which are navigable beyond the point at which the tide ebbs and flows. The English rule was at first followed in this country. Under that rule, of course, large parts of the great rivers and all of the Great Lakes were excluded from admiralty jurisdiction. When the commerce upon the Great Lakes and rivers became large enough to make the question important, the rule was changed so as to make navigability instead of the ebb and flow of the tide the test of the admiralty jurisdiction.[1] The admiralty law does not apply to navigable waters entirely within the limits of a state, but it does apply to all parts of a waterway between states, even if a part of such waterway is an artificial canal entirely within the limits of a state.[2] It applies to vessels on voyages in such an artificial waterway, although the voyage has begun and is intended to end in the same state. But such artificial waterways must be large and sustain a commerce of a substantial character.

10. **Vessels subject to admiralty jurisdiction.**—The admiralty jurisdiction extends to any movable floating structure capable of navigation and designed for navigation. It includes lighters, carfloats, float-

[1] The Genesee Chief, 12 How. 463 (U. S.).

[2] In re Garnett, 141 U. S. 1; The Daniel Ball, 10 Wall. 557 (U. S.).

ing docks, dredges, and barges with no motive power aboard. It does not include a floating drydock permanently attached to the shore,[3] and not intended for navigation, or a floating gas buoy.[4]

11. **The admiralty jurisdiction over contracts.**— The test of admiralty jurisdiction in cases of contracts is whether the nature of the transaction was maritime.[5] The test of admiralty jurisdiction in cases of tort is the locality, whether the tort has arisen on public navigable waters.[6] As the test of admiralty jurisdiction in cases of contract is whether the contract relates to a maritime transaction, it follows that the admiralty has no jurisdiction over the following contracts: A contract to build a ship, which is regarded as a contract relating to a transaction wholly on land;[7] a contract of partnership in a trade venture, in which one of the parties contributes the vessel and the other his skill in labor;[8] a mortgage on a ship for money borrowed for a purpose unconnected with the use of the vessel;[9] a suit for an accounting, even if the accounts relate to a ship.[10] An agreement to make a charter party is not maritime,[11] although a charter party is purely maritime. A contract to pay wharfage while loading or unloading a ship, or in her regular use in navigation, is a maritime con-

3 Cope v. Vallette, etc., Co., 119 U. S. 625.
4 Gas Float Whitten (No. 2), (1897) App. Cas. 337 (Eng.).
5 New England, etc., Co. v. Dunham, 11 Wall. 1 (U. S.).
6 The Plymouth, 3 Wall. 20 (U. S.); Ex parte Phenix Ins. Co., 118 U. S. 610.
7 People's, etc., Co. v. Beers, 20 How. 393 (U. S.).
8 Ward v. Thompson, 22 How. 330 (U. S.).
9 Bogart v. The John Jay, 17 How. 399 (U. S.).
10 Minturn v. Maynard, 17 How. 477 (U. S.).
11 The Eugene, 87 Fed. 1001.

tract,[12] but not wharfage for a ship laid up for the winter.[13] The admiralty has jurisdiction of all contracts which are maritime in their nature, such as charter parties, marine insurance policies, bills of lading, seamen's wages, and suits on bottomry or respondentia bonds.

12. **Admiralty jurisdiction over torts.**—The admiralty has jurisdiction of torts occurring on navigable waters. A tort must be entirely consummated on the water. The fact that it commences upon the water does not give jurisdiction if the injury itself is inflicted on the shore. Thus, the admiralty has no jurisdiction in the case of a fire which, originating on a ship, damaged buildings on shore;[14] nor damages to a bridge caused by the negligent navigation of a vessel.[15]

13. **Injuries to crew or passengers.**—The legal relations between the crew and the ship or her owners are substantially the same as between master and servant at common law, so far as relates to the question of torts to the person. The common law doctrine of fellow servants applies, except where the benefits of modern workmen's compensation acts have been extended to seamen by federal statutes. Similarly, the relations between the passengers and the ship or her owners are governed by the general law of passenger carriers, except as modified by statute, and federal statutes contain elaborate provisions for the protection of passengers.

[12] Ex parte Easton, 95 U. S. 68.

[13] The C. Vanderbilt, 86 Fed. 785.

[14] The Plymouth, 3 Wall. 20 (U. S.).

[15] Johnson v. Chicago, etc., Co., 119 U. S. 388; Cleveland, etc., Co. v. Cleveland, etc., Co., 208 U. S. 316.

The doctrine of imputed negligence by which a person on a ship not identified with its management was formerly held in some cases chargeable with the negligence of his own vehicle is no longer followed. As the law now stands, a person injured on a vessel in collision can proceed against either vessel, as either or both are negligent.[17] The admiralty has jurisdiction of assaults upon navigable waters. Under the Supreme Court admiralty rule 15 there is no remedy in rem against the ship for such assaults. There is such a remedy against the owner, if the assault is made by any of the crew in the course of his employment.[18]

14. **Liability for injuries causing death.**—By the common law, and by the civil law, there was no right of action for injuries causing death. For several centuries past, the leading Continental nations have permitted a recovery in admiralty for death claims. In the United States now, there is a right of action in admiralty for injuries resulting in death, but it has no application in states having statutes which accord a right of recovery for death, or in respect of cases of death on waters which are within a state, on the Great Lakes, or in the Panama Canal Zone. However, in the case of death occurring on the high seas, the provisions of the act are exclusive, and the action is maintainable only in the admiralty court. Ordinarily, the law governing in suits of this kind is the law

[17] Little v. Hackett, 116 U. S. 366.

[18] Chamberlain v. Chandler, 3 Mason 242 (U. S.); The Miami, 78 Fed. 818.

of the place where the negligent killing occurred, if it arose within the jurisdiction of any particular state, or, if not, the law of the flag, if it arose on the high seas.

15. **Collisions.**—A common class of actions in the admiralty arising in tort are cases of collisions between vessels. The law applicable to them is now very largely governed by the rules for preventing collisions at sea, adopted by Congress.

16. **Jurisdiction of liens for repairs and supplies.**—Although all incidental controversies growing out of the building of a ship are not subjects of admiralty jurisdiction, the rule is entirely different in respect to repairs and supplies furnished to a ship after it has been launched. The general rule of the admiralty is that the cost of repairs, supplies, or necessaries furnished to a vessel in a foreign port, on the order of the master, in the absence of the owner, creates a maritime lien on the vessel, in the absence of an explicit agreement to the contrary.[19] The test of the master's power to create such a maritime lien is the necessity for the repairs and supplies. This power of the master, however, is a power implied as agent of the owner in the owner's absence, and therefore, if the owner is present in the foreign port, the master has no such implied power.[20] In any case, an owner may bind the vessel by agreeing with the materialman that the expenses shall be a lien on the vessel. A foreign port is not simply a port of a foreign country, but the ports in each state in this country are foreign to each other.[21] These maritime liens take

[19] The Kalorama, 10 Wall. 204 (U. S.).
[20] The Valencia, 165 U. S. 264.
[21] The Kalorama, 10 Wall. 204 (U. S.).

precedence of common law liens on the theory that, being intended to keep the ship going, they are for the benefit of other liens, as tending to the preservation of the *res* (thing). Therefore, a lien for supplies, even if not recorded, takes precedence of a prior recorded mortgage. Such claims are sometimes lost by delay in enforcing them. The doctrine of stale claims is stronger in the admiralty than in other branches of the law. Claims based on unrecorded maritime liens are held stale after a short time. As short a delay as three months has been held to render a claim stale as against an innocent purchaser. Not only has a materialman or supply man a lien for materials or supplies furnished, but also anyone who advances money on the credit of the vessel for the purpose of paying for such necessaries has a similar lien; but moneys advanced for other purposes, such as loans to the master for the payment of claims not maritime, create no such lien. The term "necessaries" includes such supplies and repairs as are necessary for the use of the ship. It does not include things which may be necessary in order to use the ship or save her from danger; for instance, seamen's wages, towage, or salvage.

17. **The Act authorizing a lien for supplies in a domestic port.**—Until the Act of June 23, 1910, authorizing a lien for supplies or other necessaries furnished to a domestic vessel, there was no implied lien on such domestic vessel for supplies. This Act authorizes a lien for supplies furnished in a home port, to the same extent as when furnished in a foreign port.

18. **Bottomry and respondentia bonds.**—Almost identical with the maritime lien created by the furnishing of supplies or necessaries is the lien created by bottomry and respondentia bonds. A bottomry bond binds the ship, or the ship and cargo. A respondentia bond binds the cargo only. The requisites for the validity of a bottomry or respondentia bond are that it be given in a foreign port for repairs, supplies, or loans which are necessary, and which the master or owner has no apparent funds or credit to pay for. It is the duty of the master to communicate with the owner of the ship or cargo, if possible, before giving a bottomry or respondentia bond. Such bonds in former times, when communication with foreign ports was difficult and slow, were very common. They are now becoming very uncommon, because there are few ports in the world where a ship can go in which telegraphic communication with the owner of the ship cannot be had.

CHAPTER III.

THE OWNERSHIP OF VESSELS.

19. **The transfer of vessels.**—A vessel is personal property. No bill of sale or writing of any kind is strictly necessary to transfer title to a vessel, but under the United States Code, Title 46, Sec. 39, a bill of sale is necessary for the registration or enrollment of a vessel, and therefore practically the title to a vessel is always transferred by a written bill of sale. No bill of sale, mortgage, hypothecation, or conveyance of a vessel, unless recorded in the Custom House, is valid against a grantee or mortgagee without notice. The proper place to register or enroll a vessel is with the collector of the district in or nearest to which the owner, if but one, or, if more than one, the ship's husband or managing owner, resides. The bill of sale must set out exactly the interest of each person selling and purchasing.

20. **The use of vessels.**—The vessel owners are liable *in solido* (in the whole) for debts or torts incurred in the regular course of business by the master or managing owner. But the minority owners who have dissented from the use of the vessel at all on a particular voyage are not so liable.

21. **Limitation of liability.**—Under the ancient admiralty law in the south of Europe, the liability of the owner of a vessel was limited to the value of the vessel and its freight. The liability in England

is now limited to an amount equal to £8 per ton for loss or injury to property, and to £15 per ton for loss of life or personal injury. In this country, under the Act of 1851 as amended, the limitation of liability was absolute on surrender of the vessel and pending freight. The provisions of this act applied to foreign as well as to American ships, and even in the case of collisions between ships of the same nation, the right of limitation was absolute.[22] It did not require that any insurance on the vessel be surrendered.[23] The practical consequence was that if a vessel whose negligence had caused a collision was sunk by the collision, the owners were reimbursed by the insurance, but the ship, cargo, or persons injured by the collision were left with no substantial remedy. This limitation of liability applied to claims *ex delicto* (out of tort) and *ex contractu* (out of contract). It covered personal injuries, including those causing death. The acts or defects causing the damage of course had to be without the owner's privity of knowledge. Knowledge of an agent was immaterial, unless it were the president or other high officer of a corporation.

The English courts construed the English Act as fixing the value just before the disaster. The American courts construed the American Act as fixing the value at the end of the voyage. The res had to be surrendered entirely free of prior liens; otherwise, the owners could always mortgage and make the value of the thing surrendered trifling. The owner had to surrender any damage recovered from other vessels, as

[22] The Titanic, 233 U. S. 718.
[23] The Scotland, 118 U. S. 507.

well as pending freight and passenger fares prepaid.

This rather arbitrary limitation of liability was designed, of course, to encourage American shipping and to build up a merchant marine. However, after a number of costly shipping disasters—costly in the number of lives lost—Congress altered the limitation of liability clause so that now in the case of any sea-going vessel if the amount of the owner's liability, as limited before, is insufficient to pay all losses in full and the portion of such amount applicable to payment of losses in respect of loss of life or bodily injury is less than $60 per ton, such portion shall be increased to an amount equal to $60 per ton, which additional amount is to be used exclusively for payment for loss of life or bodily injury.

22. **Maritime liens.**—Maritime liens differ radically from common law liens. A maritime lien is a *jus in re* (right in a thing). It does not depend on possession, and it gives no right to possession. It can be enforced only by a proceeding *in rem* (against the thing). The authorities are not clear in all respects in relation to the relative rank of maritime liens. Tort claims take precedence.[24] There is no doubt in respect to the rule in the case of pure torts like collisions. The reason is that the vessel as a whole is considered a wrongdoer. The various claims already existing against the offending vessel are immaterial to the party injured. All tort claims rank prior contract claims, and probably subsequent contract claims, where the injured party has a right of action against the owner *in personam* (in person).

Salvage claims take rank over all contract claims

[24] The John G. Stevens, 170 U. S. 113.

except subsequent seamen's wages.[25] The reason is that the salvors saved the res. Seamen's wages rank all other contract claims except subsequent salvage claims.[26] It was the ancient rule that seamen's wages are nailed to the last plank of the ship. The reason is that but for the seamen's services the ship would not have reached port. Claims for materials, supplies, advances, towage, pilotage and general average rank equally in the absence of special circumstances. Bottomry ranks low among maritime liens, because the risk is compensated for by a high rate of interest.

23. **Mortgages.**—According to general admiralty law, a mortgage on a vessel did not create a maritime lien.[27] A mortgage could not even be foreclosed in the admiralty. However, statutes now specifically provide that a mortgage shall constitute a lien upon the mortgaged vessel and original jurisdiction is given to the district courts of the United States for foreclosure of such mortgages.

24. **Contracts of affreightment.**—A vessel may be operated by her owners, or leased to others. If she is operated by the owners on their own account, on contracts direct with the shippers, such contracts are called contracts of affreightment. The reward which a vessel earns for transporting merchandise is called freight. The rules regarding freight often apply to the compensation for carrying passengers. In contracts of affreightment there are two implied warranties: one of seaworthiness, and the other against

[25] The Fort Wayne, 1 Bond 476 (U.S.).
[26] The Virgo, 46 Fed. 294.
[27] The J. E. Rumbell, 148 U. S. 1.

deviation. The warranty of seaworthiness, so far as the rights of the ship are concerned, is one of the most rigid known to the law. It is a warranty that at the commencement of the voyage the vessel shall be thoroughly fitted for the voyage. It is more than a warranty that the owner will exercise reasonable care. It is an absolute warranty of fitness for the voyage, even against latent and entirely unsuspected defects.[28] A warranty against deviation is that the vessel will pursue her proposed voyage by the accustomed route without unnecessary delay.[29] It is one of the ancient doctrines of the admiralty that the ship is pledged to the cargo and the cargo to the ship for the fulfillment of the contract of carriage. The cargo has a lien on the ship if it is not properly delivered, and the ship has a lien on the cargo for the freight money. The lien on the cargo for the freight money differs from the ordinary admiralty lien, and is similar to a common law lien in being dependent upon actual or constructive possession. The vessel owner who delivers the cargo or possession of it to the consignee loses his lien on the cargo for the freight. Freight, however, is not due until the cargo is unloaded and the consignee has had an opportunity to inspect the goods. The master cannot demand freight before unloading, nor can the consignee demand the goods before paying the freight. The proper procedure is to discharge the goods in a pile by themselves on the wharf, or into a warehouse, notifying the consignee that the lien for freight is not abandoned; then if the consignee, after

[28] The Caledonia, 157 U. S. 124.
[29] Hostetter v. Park, 137 U. S. 30.

a reasonable time for inspection, does not pay the freight, the master can proceed in rem against the goods.[30]

25. **Contract of affreightment an entire contract.**—The contract of affreightment is an entire contract so that the general rule is that the freight is not earned until the contract is completed. Under this principle, in case of a marine disaster, the master has the right to repair the vessel and complete the voyage or he may transship the goods into another vessel and so save the freight. If neither of these can be done profitably, he may sell the goods, but if he does not complete the voyage he is not entitled to freight. The parties, however, may by mutual agreement provide for paying freight pro rata at an intermediate port, if the voyage is broken up, and this agreement may be implied if the consignee voluntarily receives his goods at such an intermediate port.

26. **When a ship is a common carrier.**—A ship may or may not be a common carrier. A common carrier exercises a public employment, and must undertake to carry goods for persons generally as a business. Regular liners are common carriers. On the other hand, a ship chartered for a special cargo or for a special purpose is not a common carrier.

27. **Bills of lading.**—A bill of lading is a document evidencing the contract for shipment. It is usually given by the master directly to the shipper. It binds the vessel or her owners to the shipper. Originally it was a very simple paper, consisting substantially of a receipt for the goods, specifically de-

[30] Brittan v. Barnaby, 21 How. 527 (U. S.).

scribing them, and of a contract to carry and deliver them at a designated place of delivery. At the present time bills of lading, particularly through bills of lading for the carriage of property by rail and water for long distances, are often very complicated documents. A bill of lading given by the master of a vessel for goods not actually on board does not bind the vessel or its owner, under the decision of the federal courts,[31] although under the decisions of some of the state courts such a bill of lading is valid. Under the decisions in this country, a common carrier cannot stipulate for exemption from negligence in a bill of lading.[32] Bills of lading usually contain various exceptions. One is of "the perils of the sea." This usually means all inevitable accidents incident to the sea which are the proximate cause of the loss. The accident must arise independently of the crew's acts.

28. **Charter parties.**—If a vessel is leased to others, it is usually done by an instrument called a charter party. There are many different kinds of charter parties. A time charter is when the ship is hired for a definite time, as for a month or a year. A lump sum charter is one where a lump sum is paid for the ship for a certain time. A voyage charter is when she is hired for a definite voyage. A tonnage charter is where the charterer pays a certain rate per ton. There are charters relating to different kinds of business, as grain charters, cotton charters, petroleum charters, etc. An owner may demise his bare ship, leaving the charterer to furnish the crew, or he may

[31] Mo. Pac. Ry. Co. v. McFadden, 154 U. S. 155.
[32] New York, etc., Co. v. Lockwood, 17 Wall. 357 (U. S.).

charter the use of the ship, furnishing the crew himself. These different kinds of charters often give rise to important questions. If the crew are employed by the owner, they are his agents and he is responsible for their acts within the scope of their employment. If they are employed by the charterer, he, and not the owner, is responsible. Charter parties are generally to be governed by the ordinary rules of contract, but there are some special provisions applicable to them. Thus, a provision that a vessel shall proceed to the loading port with all possible dispatch is not a collateral clause, whose breach gives rise to an action for damages, but is a warranty, and a breach avoids the contract.[33]

29. **The Harter Act.**—An Act passed in 1893, commonly called the Harter Act, makes it the duty of the owner or master or agent of any vessel to give a bill of lading, and the Act prescribes in detail its contents. It provides, in the first section, that any provision in the bill of lading exempting the carrier from liability for damage arising from any negligence, fault, or failure in the proper loading, stowage, custody, care, or proper delivery of merchandise shall be null and void. Section 2 provides that it shall not be lawful to insert in a bill of lading any agreement whereby the obligation of the owner to exercise due diligence to equip, man, provision, and outfit the vessel properly and make the vessel seaworthy, or whereby the obligations of the master and crew to handle and stow the cargo carefully, and care for it and deliver it, shall be lessened. Section 3 provides

[33] Lowber v. Bangs, 2 Wall. 728 (U. S.).

that if the owner shall exercise due diligence to make the vessel seaworthy and properly manned, equipped, and supplied, neither the vessel nor her owners or charterers shall be responsible for damages resulting from faults or errors in navigation. The substantial effect of the Harter Act is that the owners are bound to provide, in the first instance, a seaworthy vessel, properly manned, equipped, and supplied. If they do that, damage caused by mere negligence in navigation they are not responsible for. All such damages must be covered by insurance.

CHAPTER IV.

THE NAVIGATION OF VESSELS.

30. **Stevedores.**—A stevedore is a workman who loads or discharges a ship and properly stows her cargo. The contract for such service is maritime, and gives a lien on foreign vessels, and on domestic vessels where a state statute gives it, and probably even in the absence of a state statute.

31. **Seamen.**—All persons employed in any capacity on a vessel at sea are considered seamen. They include fishermen, sealers, the cook's wife engaged as a second cook, the clerk of a steamboat, men operating a dredge, and all persons engaged in any manner in the service of a ship. Seamen are commonly spoken of as the wards of the admiralty. They are a class of men peculiarly improvident and unfamiliar with business, and by the admiralty law are not bound by their contracts to the same extent as ordinary persons. To enforce their contract of service, force may be employed on board a ship. Their contracts are governed ordinarily by the usual rules in the law of contracts except as modified by statute and the disposition of the courts to guard them from imposition. Statutes now provide for the appointment of officials from the Coast Guard, if such station exists in the area, or, in lieu of that, someone from the Custom's Office to act as shipping commissioner wherever there is a port of entry, which person then superintends the employ-

ment and discharge of seamen. In shipping seamen, shipping articles are required to be signed in the presence of the commissioner. The shipping of seamen without such an agreement is prohibited. A copy of the shipping agreement, signed by the shipping commissioner and the master, is required to be posted up in a part of the vessel accessible to the crew before the voyage begins. This agreement is required to state the nature of the voyage, the duration of the voyage, the capacity in which each seaman is to serve, the amount of wages which each seaman is to receive, the scale of provisions to be furnished, and various other matters. There are statutory provisions that seamen's wages shall be paid whether freight is earned or not, reversing the old rule that freight is the mother of wages. Seamen's wages constitute, among contract claims, the first lien on a ship. They adhere to it as long as a plank is left afloat. There are certain instances in which other claims take precedence, as, for instance, the case of salvage, but among contract liens those for seamen's wages have priority. The master, however, has no right under admiralty law to proceed against the vessel for his own wages, or for any disbursements he may have made. The old reason assigned for this rule was that the master did not need a remedy, as he could pay himself out of the freight money. As a matter of fact, under modern conditions he rarely collects freight money. The real reason probably is that, as he is the trustee and representative of the owners in distant ports, he may, by seizing the vessel in a distant port, confiscate the ship at the very time that the

owners think he is protecting it. A master, of course, may sue in personam for his wages.

32. **Towage.**—Towage is a service rendered in the movement of uninjured vessels under ordinary circumstances of navigation. Many vessels do not have or use any motive power of their own. The towing of such vessels about harbors is now an enormous business, and the rights and obligations of tugs and tows are now very important in the admiralty. The distinction between towage and salvage is important. Towage is the propulsion of an uninjured vessel not in danger; salvage, the propulsion of a vessel disabled or in danger to a place of safety. The service may begin as towage service, and end as salvage service.

The tow is not liable for the tug's acts when the tug directs the navigation. It is liable for its own negligence and for the tug's negligence when the tow directs the navigation. In England, it is the practice for the tow to direct the navigation of the tug, and the English decisions are to the effect that the tow is responsible for the negligent navigation of the tug and tow. In this country, the rule is to the contrary.

33. **General average.**—General average is the principle of admiralty law which requires that all parties interested in a maritime venture shall contribute to make up the loss where there is a voluntary sacrifice of part of the venture made by the master for the benefit of all. This is one of the earliest known subjects of maritime law which is provided for in the Rhodian Code and all the ancient admiralty codes. For the purpose of general average the ship,

cargo, and freight are looked upon as a single maritime venture. Any loss voluntarily suffered for the safety of all is charged to all. For instance, if, in a storm, or when pursued by an enemy, a ship must be lightened in order to save her, and part of the cargo is thrown overboard for that purpose, or parts of the ship, like anchors, boats, etc., are thrown over, this is called the jettison, and whatever loss results, either to the cargo or to the ship, is made the subject of general average, and must be borne ratably by the cargo, the ship and the freight. In order to claim general average, the sacrifice must be voluntary for the benefit of all. The sacrifice must be made by the master or by his authority over property under his immediate control. The sacrifice must not be rendered necessary by any fault of the vessel.[34] If a sacrifice is rendered necessary by the fact that the vessel was not seaworthy, the vessel is not entitled to recover in general average.[35] So a deck cargo of a character not customarily carried on deck cannot claim the benefit of general average. The sacrifice must be successful. If the other interests in the ship are not benefited by the sacrifice, there are no grounds for general average. The sacrifice must be necessary. The master has a large discretion, however, as to what is necessary, and in the absence of any suggestion of fraud, the courts go far to uphold his discretion.[36]

34. **Marine insurance.**—Contracts of marine insurance were originally held in England to be not

[34] Ralli v. Troop, 157 U. S. 386.
[35] The Caledonia, 157 U. S. 124.
[36] Lawrence v. Minturn, 17 How. 100 (U. S.).

within the admiralty jurisdiction on the ground that they were contracts made on land, and it was not definitely decided in this country that the admiralty courts had jurisdiction of contracts of marine insurance until the decision of the United States Supreme Court in the case of the New England Insurance Co. v. Dunham.[37] Preliminary contracts for insurance, or suits to reform a contract that is not in accordance with the preliminary contract of insurance, are not maritime. The admiralty has no jurisdiction of such suits. A party cannot effect marine insurance unless he is so situated that he expects pecuniary benefit from the safety of the vessel or cargo, or pecuniary loss from its injury or destruction. Insurance on a vessel "lost or not lost" is valid, even if it turns out that when effected the vessel was a total loss.[38] In an application for insurance, any misrepresentation or concealment of a material fact will avoid the policy. The rule is very strict in this respect. Every material fact known to the insured must be disclosed.[39] There is an implied condition that the vessel is seaworthy.[40] Deviation on the voyage avoids the policy. It is not a deviation to delay or go out of the vessel's way to save life, but it is a deviation to do so to save property.[41]

35. **Total and partial loss.**—A loss under an insurance policy may be total or partial. A total loss may be actual or constructive. An actual total loss

[37] 11 Wall. 1 (U. S.).
[38] Hooper v. Robinson, 98 U. S. 528.
[39] Sun, etc., Co. v. Ocean Co., 107 U. S. 485.
[40] Richelieu, etc., Co. v. Boston, etc., Co., 136 U. S. 408.
[41] Saramanga v. Stamp, 4 C. P. Div. 316 (Eng.).

is when the subject matter is wholly destroyed. A constructive total loss occurs, under the English rule, when the vessel is so badly injured that she is not worth the cost of repair.[42] Under the American rule, the test is whether the cost of repair will exceed one-half her value when repaired.[43] In the case of a total loss, either actual or constructive, the vessel may be abandoned to the insured, and the whole insurance claimed. As a general rule, the valuation fixed in the policy of insurance is binding upon both parties, although it may differ from the actual value. The underwriter is subrogated to the rights of the insured upon payment of the loss.

36. **Salvage.**—Salvage is the reward allowed for a service rendered to marine property in danger by those under no legal obligation to render it. Salvage is peculiarly maritime in its nature. It has no analogy in any other branch of law. At common law, services voluntarily rendered in saving property in danger, however valuable in the result, imposed no legal liability upon the owner of the property to compensate the person rendering such service; but such service rendered to marine property in danger, without any contract, and without the knowledge of the owner of the property, creates a legal liability to compensation. The service must be rendered by those under no legal obligation to render it. Hence, usually the crew of a disabled vessel cannot claim salvage, nor her pilot, nor a passenger, nor the tug towing her, nor a life-saving crew.

[42] Barker v. Jansen, L. R. 3 C. P. 303 (Eng.).
[43] Bradlie v. Maryland Ins. Co., 12 Pet. 378 (U. S.).

37. **The salvage award.**—The award for salvage consists of two elements: compensation for actual outlay and expenses, and an award allowed from motives of public policy to encourage extraordinary exertions for saving life and property at sea. Special awards are given to those most competent to render service. The fact that little time is occupied not only is not a ground for diminishing the award, but is a ground for increasing it, as promptness in such cases is especially desirable. Special favor is shown steamers especially equipped for salvage service.[44] The elements on which salvage is usually computed are the degree of danger from which the lives or property are rescued, the value of the property saved, the danger to which the vessel and the lives of the salvors have been exposed, the skill shown in the service, the time and labor occupied, and the degree of success achieved. The largest awards have been given when life was at stake,[45] but as a salvage lien adheres to the property saved, there can be no such lien if there is no property saved. Therefore there is no such lien when life only is saved. But when property is saved, the lien for saving life as well as property attaches. Formerly courts paid little attention to salvage contracts. It was assumed that they had been extorted from parties under the stress of impending danger. At the present time a salvage contract usually will be enforced unless the circumstances indicate that an unfair advantage was taken of the helpless condition of the vessel in danger.[46] If the master of a vessel

[44] The Glengyle (1898), Prob. Div. 97 (Eng.).
[45] The Akaba, 54 Fed. 197.
[46] The Elfrida, 172 U. S. 186.

objects to assistance being rendered, ordinarily no claim for salvage may arise. The admiralty has jurisdiction of suits for salvage in rem, fixing salvage awards liberally on grounds of public policy.

38. **Collisions.**—Collisions are the most frequent subjects of litigation of all marine torts. Prior to the passage of the English statute in 1863, and the American statute in 1864, prescribing the rules of ocean navigation, there was little specific law upon the subject of navigation. In 1889, representatives of the leading maritime nations met in Washington and elaborated a code of navigation, which, in 1890, Congress enacted into law. These rules apply to the high seas. In 1897, Congress passed an Act making them applicable to all harbors, rivers, and inland waters, except the Great Lakes, the Red River of the North, and the waters emptying into the Gulf of Mexico. Navigation on the Mississippi and its tributaries and the Red River of the North is governed still by the old rules, found in § 4233 of the United States Revised Statutes, and the pilot rules for western rivers. The general scheme of the International and Inland Rules is the same, with some differences.

39. **Principles governing the rule of the road at sea.**—Two great underlying principles govern the rule of the road at sea. First, that the less manageable kind of vessel is privileged, and the more manageable is bound to avoid her. Thus, steamers must keep out of the way of sailing vessels, moving vessels out of the way of anchored vessels, and sailing vessels with a free wind must avoid sailing vessels close hauled. Second, under ordinary circumstances the

rule of the road at sea is the same as on land in this country, that is, each vessel shall pass to the right.

40. **Damages in collision cases.**—A collision may happen without fault or from the fault of one party or from the fault of both parties. When without fault, damages must be borne by the party who suffers them. When both parties are to blame, the loss must be divided between them. When the party suffering is guilty of fault, the sufferer must bear his own burden. Where the ship that is injured is free from fault, and the ship which came into collision with it is at fault, the latter must compensate the former. When both parties to a collision are at fault, the damages are equally divided, irrespective of the degree of fault.[47] There is a sharp distinction between the common law and the admiralty law in this respect. The common law rule is that if both are at fault neither can recover. The admiralty law is that if both are at fault the damage shall be brought into hotchpotch and divided between the two.

41. **Suits in admiralty.**—Suits in admiralty are either suits in rem or in personam. Both are begun by a libel. Suits in rem are based on a maritime lien. The vessel is seized. No notice is served on the owner. The law presumes that the seizure will give notice. The owner or any party interested files a claim and subsequently answers. Judgments in suits in rem bind the world. In suits in personam a monition is issued, and served on the respondent. In proper cases, by order of the court, it may be accompanied by a foreign attachment, or a warrant of arrest.

[47] The Woodrop, 2 Dod. 83 (Eng.).

42. **Practice in admiralty.**—The practice in admiralty is largely governed by the admiralty rules of practice issued by the United States Supreme Court, and by the special rules established in each district. Pleadings in admiralty are very liberal. They consist of a libel drawn substantially like a declaration or complaint at law, to which amendments are liberally allowed. The defense is set up by an answer or by exceptions to the libel, in the nature of a demurrer. In suits in rem, the process is served on the ship and a keeper put in charge. A bond may be given by the owner for the amount of the claim, and the vessel released. A vessel cannot be seized in admiralty if already in the custody of a state court. Admiralty trials take place before a judge without a jury, with the exception of admiralty cases arising on the Great Lakes, in respect to which there is an act of Congress authorizing a trial by jury on the demand of either party. The evidence is sometimes taken out of court, and sometimes orally in court. In the case of a decision for the libelant for unliquidated damages, there is usually a reference to a commissioner to fix the damages. The admiralty is not necessarily bound by Statutes of Limitations, but usually follows such statutes, and relief is often denied to stale claims. Costs are discretionary in admiralty. Appeals in admiralty are taken from the District Court to the Circuit Court of Appeals in the circuit in which the district is situated. At the present time usually such cases are not appealable to the United States Supreme Court unless special leave is given.

BIBLIOGRAPHY.

Abbott on Shipping has been for a great many years the standard authority on admiralty law. *Williams & Bruce* on Admiralty Jurisdiction and Practice, and *Roscoe's* Admiralty Practice are the leading modern treatises on English admiralty practice. *MacLachlan's* Law of Merchant Shipping, *Carver* on Carriage of Goods by Sea, and *Marsden's* Collisions at Sea are excellent modern treatises on the subjects to which they refer. *Parsons* on Shipping and Admiralty was the early leading American treatise. *Benedict's* Admiralty has been for many years a standard authority, and *Hughes* on Admiralty is an excellent handbook.

QUIZ QUESTIONS

ADMIRALTY LAW

(*The numbers refer to the numbered sections in the text.*)

1. What customs are the basis of admiralty law?
2. How did the system of consular courts arise?
3. State the principal ancient admiralty codes.
4. What code first treated of marine insurance?
5. What was the origin of the English Court of Admiralty?
6. What were the principal respects in which the jurisdiction of the English admiralty courts was restricted?
7. Were there admiralty courts in the American Colonies before the Revolution?
8. State the provision of the United States Constitution in respect to admiralty jurisdiction.
9. What is the American test of admiralty jurisdiction?
10. What vessels are subject to admiralty jurisdiction?
11. What is the test of admiralty jurisdiction over contracts and over torts?
12. Has admiralty jurisdiction of a tort commencing upon water and terminating on land?
13. Does the common law doctrine of fellow servants apply in negligence suits in admiralty?
14. What is the trend of decisions in respect to the jurisdiction of admiralty over death claims?
15. What rules largely govern collisions?
16. What is the rule in respect to an admiralty lien for repairs or supplies in a foreign port?
17. What was the rule formerly, and what is the rule now, in respect to supplies furnished in a domestic port?
18. What is the difference between a bottomry and a respondentia bond?
19. What is necessary to transfer title to a vessel?

20. Is a minority owner who has dissented from the use of a vessel, liable for the acts of the master?
21. What is the rule in England and this country in respect to the limitation of liability?
22. How does a maritime lien differ from a common law lien?
23. Can a mortgage on a vessel be foreclosed in admiralty?
24. What is a contract of affreightment?
25. Is any freight earned if a voyage is not completed?
26. When is a ship a common carrier?
27. What is a bill of lading?
28. What is a charter party?
29. State the substance of the Harter Act.
30. What is a stevedore?
31. State the prerequisites for shipping seamen.
32. When is the tug, and when the tow, liable for negligence in navigation?
33. What is general average?
34. What avoids a policy of marine insurance?
35. What is a constructive total loss?
36. What is a salvage service?
37. What are the elements for an estimate of a salvage award?
38. What rules govern ocean navigation and harbor navigation?
39. State the main principles governing the rule of the road at sea.
40. What is the rule of compensation when both parties to a collision are at fault?
41. State the difference between a suit in rem and a suit in personam.
42. What rules govern the practice in admiralty in the federal courts?

PART VI

CONFLICT OF LAWS

BY

GEORGE L. CLARK, A.B., LL.B., J.S.D.*

CHAPTER I.

INTRODUCTORY.

1. **General scope of the subject.**—In order to give at the outset a concrete idea of the sort of questions which are discussed under the heading of Conflict of Laws, suppose the following simple case: A, a resident of Ontario, Canada, comes into a New York court and asks that court to give him some legal relief against B, also a resident of Ontario, alleging that B committed an assault and battery on A in Ontario. B, through his attorney, insists that though A might in some court be entitled to relief, the New York court is not the proper one to try the case, but that A should have sued in an Ontario court. Such a question is called a question of jurisdiction. It may be, however, that B does not raise the question of jurisdiction, or if he does, that it is decided against him; he then insists that the New York court in trying the case should not apply its own rules to the

* Professor of Law, University of Kansas City. Former Instructor in Law, Stanford University; former Professor of Law, University of Missouri, University of Illinois and in the University of Michigan. Contributor to legal encyclopedias and journals.

facts but that it should apply the rules of the Ontario law to determine whether A is entitled to relief. These two questions—the question whether a particular court is the proper one in which to try the case and the question of what rule shall be applied to determine the respective rights of the parties—are the questions which cover practically the whole field of the subject entitled, Conflict of Laws. As will be learned, if Massachusetts is substituted for Ontario in the above case, the same questions are raised, slightly modified by some requirements in the United States Constitution.

2. **Meaning of the word "conflict."**—The word "conflict" is an unfortunate one as likely to convey the idea that there is actual strife between, for example, in the case put, the New York court and the Ontario court, or between the New York law and the Ontario law. Such strife is not impossible, for example, if the New York court took jurisdiction and the Ontario court should later refuse to recognize the right of the New York court to do so; but, for the most part, the only conflict is in the minds of the judges. The aim and purpose of the courts in all civilized countries is to avoid any clashes by laying down such rules, both as to questions of jurisdiction and of the rules to be applied to determine the respective rights of the parties, as will meet with general approval. In so far, at least, as the courts have in this way succeeded in avoiding conflicts, a better name for the subject would be Private International Law, which is a term employed as synonymous with Conflict of Laws in some cases

and some treatises. It is called Private International Law because it has to deal with the enforcement in ordinary judicial tribunals of private rights created abroad to distinguish it from Public International Law where the contests involve more or less directly the rights and interests of nations or sovereigns.

3. **Each of the American states a legal unit.**—In Public International Law the nation is all important, that is, the unit is a political one; for example, when the former California legislation in regard to aliens owning land was enacted, the diplomatic negotiations were carried on, not between Japan and California, but between Japan and the United States. But in the subject of Private International Law or Conflict of Laws, where private rights are dealt with, the unit is legal, not political. Each of the states in the American Union is a legal unit; and with some exceptions due to some clauses in the United States Constitution, such as the one requiring full faith and credit to be given to judgments of sister states and the one giving to the citizens of each state the privileges and immunities of citizens of other states, each state is as foreign to the other states as it is to Canada or England or France. The increasing intercourse between the states and with foreign nations is making the subject of Conflict of Laws more important each year.

4. **Origin of law—Tribal and territorial law.**—Law and organized society came into existence together; neither can exist without the other. Law having come into existence continues as long as organized society continues unless it is changed. The

ways in which law may be changed will be discussed in a later section.

As long as the organized society wandered from place to place without occupying any exclusive territory, its law was the law of the people and not of the land; only the members of the society or the tribe were bound by it. This is called tribal law. The American Indian tribes were governed by tribal law. When, however, agriculture becomes the chief occupation rather than hunting and stock-raising, and the society occupies permanently a certain territory, the law tends to become territorial; that is, the law extends to the boundary of this territory governing all persons within it, but not beyond. In English-speaking countries, where the law is based on the old common law of England, the idea of law is territorial. In continental European countries, whose law is based on the old Roman law, the territorial idea predominates, but traces of the earlier tribal notion of law still persist.

Since organized society and law are inseparable, a territory without inhabitants or without an organized community has no law unless it is under the control of an organized community in another territory. Law is introduced, therefore, either through annexation to an organized community or through settlement.

5. **Introduction of law by settlement.**—If a previously uninhabited territory has been settled by immigrants coming from other organized communities, what law is introduced? The question arose a long time ago upon the settlement of Oklahoma. In

McKennon v. Winn,[1] the question was whether contracts for the sale and conveyance of land had to be in writing; the contract was entered into soon after the settlement and before there was any legislation in Oklahoma; and the question turned upon whether the settlers had brought the Statute of Frauds with them as a part of the law. The court held that they did not and that the contract did not need to be in writing, the court saying: "When people from all parts of the United States, on the 22nd day of April, 1889, settled the country known as Oklahoma, built cities, towns and villages, and began to carry on trade and commerce in all its various branches, they brought into Oklahoma with them the established rules and principles of the common law, as recognized and promulgated by the American courts, and as it existed when imported into this country by our early settlers and unmodified by American and English statutes."

If the settlement had been made by settlers from states having exactly similar Statutes of Frauds, the court would probably have held that the provisions of such statutes were carried with them; but since the states from which the settlers came had very diverse statutes on the point, such a decision was impossible.

6. **Change of law.**—Assuming now that we have an organized community occupying a fixed territory, how can its law be changed? A mere change of sovereignty or political control does not change the law; for example, when the United States acquired con-

[1] 1 Okla. 327, LEADING ILLUSTRATIVE CASES.

trol of the Philippines, the old law continued, except, of course, the law of allegiance.

The law may, however, be changed either by legislation or by a change in the character of the inhabitants.[2] The former is familiar to everyone. An illustration of the latter method of change may be seen in the history of the state of New York. When the Dutch settled what was then called New Amsterdam, they carried Dutch law with them; the mere conquering of the Dutch colony by the English did not change the law, but the influx of English settlers in such numbers as greatly to outweigh the influence of the Dutch colonists did effect a change of law. A similar thing happened over a century later when the Mexican law was driven out of Utah by settlers from the Eastern states.[3]

If, however, the newcomers are not strong enough to displace the old law, there may be a divided law. Thus in India, which for so long was under British sovereignty, the English, who were so much in the minority, never did displace the old law; the result was that the English were subject to English law, the Mohammedans to Mohammedan law, and the Hindus to Hindu law, although now since establishment of its own sovereignty, a more general law of India is being developed.

7. **Meaning of the "general law" or the "general common law."**—Under the territorial idea of law there can be no law apart from a certain piece of land or territory. When, therefore, such phrases as

[2] For a discussion of the difficult question as to how far the common law may be changed by judicial decision, the reader is referred to the article on LAW—ITS ORIGIN, NATURE AND DEVELOPMENT.

[3] First National Bank v. Kinner, 1 Utah 100.

the "general law" or the "general common law" are used, the word "law" is being used in a different sense—not as positive law which creates rights but merely a method of legal thinking; another way of putting the same thing would be to speak of the "great weight of authority," meaning that on some particular question of law,—for example, the necessity of consideration in simple contracts in English-speaking countries,—there is a more or less general agreement.

Since a large part of this subject treats of the enforcement of rights created abroad, we are chiefly interested in the narrower, positive meaning of the word "law"; that is, the law of a particular territory. The law of Wisconsin or of Alabama has an actual existence; it can create or enforce rights; the "American law" or the "law of the United States generally" can create no legal rights; these phrases are merely convenient ways of denoting agreement among courts upon legal questions.

CHAPTER II.

JURISDICTION.

A. Jurisdiction Over Persons—Domicile.

8. **Temporary presence within the territory.**—Since the law of a particular territory extends to the boundaries of that territory, every person in it is subject thereto. Hence, even if one is only temporarily there, if he is served with process while there, the court acquires thereby jurisdiction over his person and a personal judgment against him is valid. In Darrah v. Watson,[4] the defendant, who was a resident of Pennsylvania, went into Monongalia county, Virginia, for two or three hours on business, and while there was served with process; a judgment was rendered which was later sued on in an Iowa court. The Iowa court held that the Virginia court had acquired jurisdiction over the person of the defendant and that the personal judgment was valid.

9. **Jurisdiction based upon consent.**—Even though one has never been within the territory, he may make himself subject to the jurisdiction of the court of that territory by consenting thereto. And this consent may be given in advance. Thus where A executed a bond in Pennsylvania providing that the holder of the bond might enter up judgment on the bond in any court of record in the state of New York, it was held that if the conditions of the bond were

[4] 36 Iowa 116, LEADING ILLUSTRATIVE CASES.

complied with the New York court acquired jurisdiction over A by such consent.[5]

Another example is as follows: A foreign corporation can as a rule be sued only in the state which incorporated it. In many states, however, the law requires that if a foreign corporation wishes to do business within the territory of any particular state, it must consent in advance to being sued in the courts of that state; in such cases service is made upon some of the corporation's agents who represent it within the state. In St. Clair v. Cox,[6] it was held that service on an agent of the corporation who did not represent it in business within the state was not enough.

10. **Domicile—Domicile of origin and domicile of choice.**—Jurisdiction may be based on domicile alone, but before touching that point it will be necessary to discuss the subject of domicile.

Generally speaking, one's domicile is one's home. One may, however, have several homes or none at all, but since many legal questions are determined by the law of one's domicile it is universally held that one must have a domicile and can have only one. Consequently the two ideas of "home" and "domicile" are not exactly the same.

Domiciles are of two kinds: domicile of origin and domicile of choice. In Udny v. Udny,[7] Lord Westbury said: "It is a settled principle that no one shall be without a domicile and to secure this result the law attributes to every individual as soon as he

[5] Grover & Baker Sewing Machine Co. v. Radcliffe, 137 U. S. 287.
[6] 106 U. S. 350.
[7] L. R. 1 H. of L. 441 (Scotch).

is born the domicile of his father, if the child is legitimate, and the domicile of his mother, if the child is illegitimate. This has been called the domicile of origin and is involuntary. Other domiciles, including domicile by operation of law, as on marriage, are domiciles of choice. For, as soon as an individual is sui juris, it is competent for him to elect and assume some other domicile, the continuance of which depends upon his will and act."

11. **Change of domicile.**—The domicile continues until a domicile of choice has been acquired. In order to acquire a new domicile, the English rule is stated to be that there must be the taking up a new place of residence with the intent to reside there an unlimited or indefinite time. The rule in the United States is probably not so strict, due probably to the fact that our economic condition is less settled and removals from place to place are much more common. Thus in Wilbraham v. Ludlow,[8] where the question was as to the domicile of a pauper, it was held that if he had abandoned his former home and intended to have a home wherever he worked, he acquired a domicile in each successive town where he lived as a laborer as long as he remained there.

It should be pointed out that in order to show a change of domicile from one town to another, stronger evidence of intent would probably be required than if it were a change from one house to another in the same town; on the other hand, less evidence would probably be required to prove a change of domicile from one state to another or from one nation

[8] 99 Mass. 587.

to another. Furthermore, there seems to be no reason why one may not be domiciled in a particular town or country without being domiciled in a particular house. If one went from Pennsylvania to England, intending to make England his home, and continued to reside there, it would seem that he might acquire a domicile in England, even though it might be impossible to determine in what particular house he was domiciled. It has been held, too, that living in lodgings is not inconsistent with acquiring a domicile.

12. **Abandonment of home—Freedom of choice.**—In the case just put, suppose that the Pennsylvania domicile were a domicile of choice, not a domicile of origin; what is his domicile after he has abandoned his Pennsylvania home, expecting to establish a new domicile in England, but before he acquires such domicile? According to the law in this country the rule is the same as if the Pennsylvania domicile had been the domicile of origin—the old domicile remains until a new one is acquired. But the English law is stated to be that in such a case the domicile of origin revives. The difference in the two rules is probably due to the fact that in a newly settled country like ours, much less importance is attached to one's domicile of origin than in an older country like England.

Acquiring a domicile of choice involves, of course, freedom of choice. Hence, if one is arrested and put in jail, he cannot acquire a new domicile at the jail. If, however, his domicile at the time of arrest were already in the jail,—for example, if he were the

jailer or a member of the jailer's household—such domicile would of course continue. On the other hand, the fact that one is prevented from living in a place does not forfeit a domicile already acquired there; for example, a political exile or one who is unable to live at his old home on account of health does not lose thereby the old domicile.

13. **Having more than one home—Difficulty as to boundary lines.**—If one has two homes, the one acquired first will in doubtful cases usually take precedence. In Gilman v. Gilman,[9] the court said: "If any general rule can be applied to such cases, we think it is this: the domicile of origin or the previous domicile shall prevail. * * * If the merchant was originally from the country and he keeps up his household establishment there, his residence in the city will be likely to have the characteristics of a temporary abode. While, if his original domicile was in the city, and he purchases or builds a country house for a place of summer resort, he will not be likely to establish any permanent relations with the people or the institutions of the town in which it is located."

It frequently happens that a town, county or state boundary line will run through the house in which one is domiciled. Since he considers the whole house as his home, any rule of determining on which side of the boundary line his domicile is, must necessarily be artificial. If the bulk of the house is on one side the case is comparatively easy; but if it is about equally divided, resort must be had to some other

[9] 52 Me. 165, LEADING ILLUSTRATIVE CASES.

method of solution. In Abington v. North Bridgewater,[10] it was suggested that in such a case the place where the occupant habitually slept would be decisive. It might be urged that since actual residence with intent to make the place one's home creates a domicile, a domicile would be created the first time the occupant entered the house with intent to remain there, and that the first place of entry is the domicile. Another fact which might have some bearing on the decision is the place where the occupant has been in the habit of paying personal taxes.

14. **Change of domicile by others.**—The domicile of the minor child follows that of the parents and domicile of the wife follows that of the husband. In Lamar v. Micou,[11] Mr. Justice Gray said: "An infant cannot change his own domicile. As infants have the domicile of their father, he may change their domicile by changing his own; and after his death the mother, while she remains a widow, may likewise, by changing her domicile, change the domicile of the infants; the domicile of the children, in either case, following the independent domicile of their parent. * * * But when the widow, by marrying again, acquires the domicile of a second husband, she does not, by taking her children by the first husband to live with her there, make the domicile which she derives from the second husband, their domicile; and they retain the domicile which they had, before her second marriage, acquired from her or from their father."

[10] 23 Pick. 170 (Mass.).
[11] 112 U. S. 452.

If an orphan has a guardian, the guardian can change the orphan's domicile within the state in which the guardian is appointed. If the orphan has no guardian there would seem to be no good reason why he should not be able to change his domicile just as if he were of full age; but this can hardly be said to be well settled.

15. **Domicile for divorce—Change of domicile by agent.**—The domicile of the wife follows that of the husband, but if the husband has given the wife cause for divorce and then changes his domicile, the rule in the United States seems to be that she may retain the old domicile for the sake of suing for divorce and perhaps she may acquire a new one for that purpose if she prefers. Such a rule is necessary to protect the wife who would otherwise be under the necessity of following the husband in order to get a divorce, suit for divorce being entertainable only at the domicile of one of the parties.

Generally speaking, in order to change one's domicile he must be present in person, though it is not necessary that he shall have slept in the house in which domicile is claimed; one cannot change a domicile by agent. To this rule there seems to be only one exception. A wife may, with the consent of the husband, change the husband's domicile. In Bangs v. Brewster,[12] the court said: "The plaintiff was a shipmaster, most of whose time was spent at sea. He went to sea in November, 1867, taking his wife with him, and in December, 1868, he sent his wife to Orleans, and she arrived there in February, 1869.

[12] 111 Mass. 382, LEADING ILLUSTRATIVE CASES.

He did not arrive until July, 1869, so that he was not personally present in Orleans on May 1, 1869. The special findings of the jury settle conclusively that when he went to sea in November, 1867, he had the definite intent to make Orleans his home, and that in December, 1868, he sent his wife to Orleans in pursuance of that intent. We think that the jury were justified in finding that his domicile was in Orleans on the first of May. By sending his wife to Orleans with the intent to make it his home, he thereby made it his domicile. The fact of removal and the intent concurred. Although he was not personally present, he established his home there from the time of his wife's arrival."

16. **Jurisdiction based on domicile.**—If one has his domicile within a state he is subject to the jurisdiction of its courts; in such a case if he has a residence in the state, service of process by leaving it at that residence is enough, even though he be absent from the state at the time. If, although domiciled within a state, he has no place of residence there, then service of process by leaving it at his last place of residence within the state is probably sufficient, and a personal judgment based on such service is valid.

In Henderson v. Staniford,[13] the defendant had, in the year 1849, gone from Massachusetts to California and acquired a domicile there. In 1867 he returned to Massachusetts, but without intent to change his domicile. Suit was then brought against him in the California court and judgment rendered

[13] 105 Mass. 504, LEADING ILLUSTRATIVE CASES.

on default. It was held that the judgment was valid, though he was not personally served with process due to his absence from the state.

17. **Effect of writ of error or appeal on jurisdiction.**—If a court once acquires jurisdiction over a person in any of the ways just discussed, such jurisdiction continues until the case is finally disposed of. Hence if X gets a judgment against Y in an Ohio court and X then removes to Tennessee and Y takes a writ of error to a higher court in Ohio, it is not necessary that X be served with process. Even if he had never been a citizen of Ohio, bringing suit in an Ohio court subjected him to the jurisdiction of that court and that jurisdiction continues until the litigation is over. Any other rule would be very hard on Y. As the court put it in Fitzsimmons v. Johnson,[14] "This rule commends itself to all men for its wisdom and justice. If it did not prevail, a man having an unjust judgment in a subordinate court might, by removal from that state, cut off, absolutely, the right of the adverse party to a hearing in the appellate court on writ of error; and, having done so, he might then enforce his unjust judgment. The adverse party would be powerless in such a case. He could get relief neither in the courts of the state in which the judgment was rendered, nor in those of the state to which the other party had removed; for, in the former jurisdiction, the judgment would be conclusive on him, and if he should go to the latter to relitigate his rights, he would be met and defeated by the previous adjudication of the same rights."

[14] 90 Tenn. 416.

B. Jurisdiction Over Property.

18. **Extent of jurisdiction—Extent of exercise of jurisdiction.**—The jurisdiction of a country covers all property whether immovable or movable within its boundaries. The territory covers not only all its land but adjacent portions of water, such as small bays and inlets; and by general international agreement, the jurisdiction also extends over the ocean to the extent of three miles from shore.

If disputes arise involving rights in land within a country, the courts of that country will always exercise their jurisdiction. But in the case of controversy as to movable property a court may refuse to entertain this suit; that is, to exercise its jurisdiction. For example, a merchant vessel, while in port, is subject to the jurisdiction of the courts of that country, but if the controversy in regard to the vessel is between subjects of another country, the court may, in its discretion, refuse to try the case.

19. **Determining rights in property against all the world.**—Actions to obtain possession of property or to determine questions of title to property not only may but must be brought in the courts of the country where the property is; this applies to both movable and immovable property. For example, if one wished to obtain possession of land in New Jersey he must bring his action of ejectment in a New Jersey court in order to get relief; because only a New Jersey court could put him in possession. So if he wished to obtain possession of chattels situated in New Jersey he must bring his action of detinue or replevin in the courts of that state.

Actions of ejectment, detinue and replevin are brought against a specific individual or individuals and the judgment binds only them and the persons who claim through them. Thus if A brings ejectment against B in the New Jersey court for a piece of New Jersey land and wins, this is binding only on B and those who may claim under him, namely, his heirs and assigns. It would not prevent X, a stranger, from suing A in ejectment and showing that he (X) had a better right to the land than A and get judgment against him for the land. Such a judgment in turn would bind only the parties and those claiming through them.

In certain cases, however, it is possible to bring suit against every one claiming interest in the property and thus settle the rights as against the whole world. In such a case the basis of the court's jurisdiction being the property within its control, it is not necessary to serve those interested with personal process; part or all of the defendants may be non-residents and beyond the reach of process because beyond the reach of the arm of the court. All that is essential is that the proceedings be sufficiently advertised so that those who claim an interest in the property may come in and assert their claim. The most common proceeding of this sort is a libel in admiralty brought against all who may be interested in a ship, for example, for damage caused to another ship by collision. Notification of such proceedings is usually given by affixing a printed notice for a reasonable length of time to some part of the ship itself.

Proceedings to determine absolutely and finally the title to land are not uncommon and statutes authorizing such proceedings have been held constitutional. The advantage of being able to bring such proceedings is obvious. In Arndt v. Griggs,[15] the court said: "The state has control over property within its limits; and the condition of ownership of real estate therein, whether the owner be a stranger or a citizen, is subject to its rules concerning the holding, the transfer, the liabilities and obligations, private or public, and the modes of establishing title thereto. It cannot bring the person of a non-resident within its borders—but it may determine the extent of his title to real estate within its limits; and for the purpose of such determination may provide any reasonable methods of imparting notice. The well-being of every community requires that the title of real estate shall be secure, and that there be convenient and certain methods of determining any unsettled questions respecting it."

The state might authorize similar proceedings in regard to ordinary chattels, but it is believed that no state has done so.

20. **Foreign attachment.**—Suppose that X of Indianapolis owes A in Chicago $1,000. As long as X remains in Indianapolis, A will be unable to get a personal judgment against him unless A sues in the Indianapolis court, where process can be served on X. If, however, X owns land or chattels in Chicago, he may have such property applied to the payment of his claim. Such a proceeding is called a

[15] 134 U. S. 316.

foreign attachment proceeding. The jurisdiction of the court is based upon the property being within the control of the court. Suit must be begun, then, by attaching the property, and the proceeding must be carried on in a reasonably public manner so that X may find out about it and have some one look after his interest therein. Since the jurisdiction of the court depends upon the control of the property the attachment must take place at the beginning of the suit, and not at the end.[16]

Notice of such proceedings would usually be made by publication in a newspaper of general circulation in Chicago and the sending of such notice by mail to X's last known place of residence in Indianapolis.

Conceivably a statute might authorize the suit to be brought not only against X but against all who claim any right in the property; but the existing statutes allowing foreign attachments provide only for a suit against X, so that if the property turned out to be the property of Y the judgment would not be binding upon Y.

Furthermore, although the judgment is binding on X to the extent of his interest in the property, yet since the jurisdiction is based on the property and not on the person of X, there can be no personal judgment; hence, if the property brings only $800 at the execution sale, A cannot get a personal judgment for the other $200 against X; he will either have to attach other property and litigate the question again, or else sue in an Indianapolis court where

[16] Pennoyer v. Neff, 95 U. S. 714.

he can get personal service and relitigate the matter there.

21. **Garnishment.**—Let us suppose that instead of X owning some tangible property in Chicago, M of Chicago owed him $800. Is there any way in which A, by a proceeding in a Chicago court, can compel M to pay the $800 to A instead of to X and thus get part payment on his claim? If so, what is the basis of jurisdiction?

It is rather difficult to say that X in such a case owns any property in Illinois. But it is generally held that proceedings similar to attachment proceedings may be authorized by statute, suit being started by notification to M not to pay X. Such a notification is considered to give the court jurisdiction just as attachment of the tangible property did in the preceding section. Such proceedings are called garnishment proceedings or trustee process. Here, as in the attachment proceedings, a personal judgment cannot be recovered and for the same reasons.

Suppose, however, that A's claim against X is not a valid one; but A gets judgment in his garnishment proceedings and M pays him the $800 according to the court's order. Is it open to X to show that A's claim was not valid and to compel M to pay a second time to him? The United States Supreme Court in Chicago, Rock Island and Pacific R. R. v. Sturm,[17] held that M was protected against such possible double recovery. The practical result of this is that X must not only look after his tangible property in other states in case of foreign attachments but also

[17] 174 U. S. 710.

he must look after his intangible property in the shape of claims owing him by foreign debtors; if his debtor is being garnisheed on a false claim, he must contest the claim in the garnishment proceeding if he wishes to show that it is invalid.

C. Taxation.

22. **Taxation of movable property.**—The rule as to taxation of immovables, that is, land, is quite simple. It is taxable where it is located,—or, as it is usually expressed, at its situs (place)—and nowhere else. The domicile of the owner is immaterial.

As to taxation of movable property, there have been two theories as to the place where it is taxable. The old common law view was that all movables are taxable at the domicile of the owner, no matter where the movables were. This theory probably originated at a time when chattels were not often separated from the owner; but to say at the present time that the situs of movables is at the domicile of the owner is to state a fiction. The other more modern and more logical view is that movables, like land, should be taxed only where they are actually located. It is obvious that if one state adopts one theory and another state adopts the other theory, some movable property will be taxed twice and some not at all. Suppose that New York taxes movables at their actual situs while New Jersey goes on the theory of taxation at the owner's domicile. A, domiciled in New York, owns movables in New Jersey; B, domiciled in New Jersey, owns movables in New York. A's chattels would escape taxation, while B's chat-

tels would be taxed in both states. The tendency in this country is to adopt the second view. In Pullman's Palace Car Co. v. Pennsylvania,[18] the court said: "The old rule, expressed in the maxim *mobilia sequuntur personam* (movables follow the person), by which personal property was regarded as subject to the law of the owner's domicile, grew up in the Middle Ages when movable property consisted chiefly of gold and jewels, which could be easily carried by the owner from place to place, or secreted in spots known only to himself. In modern times, since the great increase in amount and variety of personal property not immediately connected with the person of the owner, that rule has yielded more and more to the lex situs, the law of the place where the property is kept and used."

23. **Movables en route on taxing day.**—Taxation is compensation charged by the state for protection furnished to property; hence if a chattel is in a state even for only a week or a day it might be charged for a week or a day's protection. But as a practical matter, taxes are imposed only for a year, and a certain day in the year is picked out as taxing day. What property is taxable on that day? Such property as is seeking protection for the coming year; if it is seeking protection for the coming year, and is taxed, the fact that the property is unexpectedly removed out of the state the next week does not entitle the owner to any rebate.

If, however, the property is only temporarily in the jurisdiction; for example, if it is passing through

[18] 141 U. S. 18.

on a railroad train and merely happens to be there on taxing day, it is not legally taxable there according to the law in this country; it would not be considered due process of law.

In Pullman's Palace Car Co. v. Pennsylvania,[19] the state of Pennsylvania levied a tax on Pullman cars running through the state, the amount of the tax being based on the proportion of miles of road within the state to the entire line; that is, suppose the entire line was 800 miles long, half of which was in Pennsylvania, and half in Ohio, and two hundred cars were continually running over the whole road; in such a case it would be fair to infer that 100 cars would be in Pennsylvania all the time, but not the same 100. The United States Supreme Court held that it was proper to tax the company on 100 cars, saying: "The state, having the right for the purposes of taxation, to tax any personal property within its jurisdiction, could tax the specific cars which at a given moment were within its borders. The route over which the cars travel extending beyond the limit of the state, particular cars may not remain within the state; but the company has at all times substantially the same number of cars within the state, and continuously and constantly uses there a portion of its property and it is distinctly found, as matter of fact, that the company continuously, throughout the period for which these taxes were levied, carried on business in Pennsylvania, and had about 100 cars within the state. * * * The method of assessment adopted was equitable and

[19] 141 U. S. 18.

just; and if it were adopted by all the states through which these cars ran, the company would be assessed upon the whole value of its capital stock and no more."

24. **Taxation of choses in action.**—Suppose B of Kentucky owes A of Missouri $500. Although, as we saw,[20] that for purposes of garnishment A's rights are treated just as if he had tangible property in Kentucky, yet for purposes of taxation, it is generally held that he is not taxable in Kentucky. Is he taxable in Missouri, and if so, what sort of tax is it? It is generally held that he is taxable in Missouri; but it is very difficult to say that there is any property there. The old theory was that intangible property, like movables, was taxable at the domicile of the owner because the situs was there. This, as we have seen, is a mere fiction. It is perhaps more satisfactory to regard the Missouri tax on A not as a property tax at all but as a tax on A's person; a chose in action is a power over property rather than property itself, and A is taxed according to the amount of power he has.

Suppose, however, that A took B's note for $500 and has left it with his agent in Cincinnati. The modern tendency is to consider bank bills, municipal bonds, notes and mortgages as tangible property, and taxable if left permanently within the state, irrespective of the domicile of the owner. If Ohio taxes on this theory, she may tax the note at Cincinnati. In New Orleans v. Stemple[21] the court said: "If we

[20] See § 21.

[21] 175 U. S. 309.

look to the decisions of other states, we find the frequent ruling that when indebtedness has taken a concrete form, and become evidenced by a note, bill, mortgage, or other written instrument, and that written instrument evidencing the indebtedness is left within the state in the hands of an agent of the nonresident owner, to be by him used for the purposes of collection and deposit, or reinvestment within the state, its taxable situs is within the state."

Here, again, there is possibility of double taxation by Missouri and Ohio. This shows how desirable it is that there should be uniform rules in the various states on the subject of taxation.

D. Jurisdiction for Divorce.

25. **Jurisdiction based on domicile, not on the person.**—Marriage is frequently spoken of as a civil contract. This is true in the sense that there can be no valid marriage without an agreement between the parties. But the relation entered into is of a more permanent character than an ordinary contract, and cannot be dissolved at the will of the parties. Because of this, marriage is said to be a status, and jurisdiction to dissolve the marriage is based upon control of this status. Although the status of marriage is intangible, it is considered by the law as being located at the domicile of the married couple, and only a court of that domicile may properly entertain suit for divorce.

Residence without domicile is immaterial, and so is personal service of process. Thus, if H and W are domiciled in Nebraska and H wishes to bring suit

for divorce, it would not be proper to bring suit in the Kansas court even though W were there served with personal process, or even though she submitted to the jurisdiction.

26. **Divided domicile.**—If H brings a suit for divorce, the case is comparatively simple, because the domicile of the wife normally follows that of the husband. But if W is the one bringing suit it is clear that to allow H, after giving cause for divorce, to change the domicile of the wife by changing his own, would subject her to great hardship and often to denial to any relief whatever, because he might change his domicile to a state where the act complained of by the wife is not recognized as ground for divorce. To meet this difficulty, as explained in § 15, the weight of authority in the United States allows the wife to have a separate domicile for purposes of divorce, at least to the extent of retaining the old domicile where the spouses last lived together, and perhaps to establish a new domicile for the purpose of bringing suit.

Assume, now, that the parties were domiciled in Nebraska; W claims that H committed acts giving cause for divorce; then H removes to Minnesota and establishes a new domicile; W refuses to follow and files suit for divorce in a Nebraska court. H also files a suit for divorce in Minnesota, alleging desertion. It seems to be the law that in such a case of divided domicile the court first pronouncing judgment of divorce would be entitled to precedence, because a divorce necessarily acts on both parties and dissolves the marriage completely; hence,

when one of the courts, having jurisdiction, grants divorce, there is no status whatever left as a basis of jurisdiction for the other court. In New York[22] it was once held that in such a case the divorce decree released only the party applying for the divorce, and not the other party, who was domiciled in another jurisdiction and who was not served with process; but this was later overruled.[23]

[22] People v. Baker, 76 N. Y. 78.
[23] Atherton v. Atherton, 181 U. S. 155.

CHAPTER III.

CREATION OF PERSONAL RIGHTS.

27. **The general doctrine.**—Assume, now, that the court has decided that it possesses jurisdiction of the suit instituted by the plaintiff, that the plaintiff alleges that he has some legal right which arose in another state or country, and that the defendant denies that the plaintiff has any such right. How is the court to decide whether such a right exists?

The general common law doctrine is that, since the organized society of each territory has complete control over the property and persons therein, it may confer rights on such persons as it sees fit, and that those rights so conferred will be recognized and enforced elsewhere. The subject of recognition and enforcement of rights will be discussed in later chapters. In this chapter and the two following the subject of creation of rights will be considered.

28. **Capacity to contract.**—The age of majority of females in Ohio is eighteen, in Indiana, twenty-one. X, a girl of twenty, who is domiciled in Indiana, enters into a contract while in Ohio; is the contract binding? Since the act was done in territory subject to Ohio law, it would seem that the Ohio rule would govern, and hence the contract would be binding on X, though X would not have been bound if she had made such an agreement in Indiana. Conversely, if X were domiciled in Ohio and made the agreement

in Indiana, the agreement would not be binding upon her. This is the rule in the United States. The rule in civil law countries, such as France and Germany, seems to be that capacity is governed by the law of the domicile; and the law of England has been somewhat confused by the English judges quoting continental decisions with approval.

Conceivably, the law of Indiana might uphold contracts made in its territory by persons who had capacity according to the law of their domicile, by construing their statute making girls under twenty-one incapable as applying only to girls domiciled in Indiana. Such, however, is not the received construction, and, in the absence of an express statutory provision, the Indiana rule should govern as to all agreements made in Indiana, irrespective of the domicile of the parties.

29. **Capacity to marry.**—Assume that in California girls under sixteen are incapable of marrying, while in Nevada any girl of fourteen is given legal capacity for that purpose. X, a girl of fifteen, domiciled in California, marries in Nevada; if the marriage is otherwise valid, is it rendered invalid because X was domiciled in California?

Since marriage is a status, one might expect that the validity of the marriage, including capacity, would depend upon the law of the domicile; and such seems to be the law in continental Europe. Such a rule is so inconvenient in practice, for example, where the parties have different domiciles, that the prevailing view in common law countries is that the law of the place of celebration governs. Hence, in the

case supposed, the marriage would be valid and would be everywhere recognized and given effect to as such.

30. **Turkish marriages—Indian marriages.**—Since a marriage valid where made is valid everywhere, it would seem to follow that a Turkish marriage, even if polygamous, would be valid here, because valid in Turkey. Of course, if the Turk attempted to bring more than one wife into this country, he would not be allowed to live with more than one; but such action on our part would not deny the validity of the marriage; it would merely deny one of the incidents of the marriage. So in Wall v. Williamson[24] the court held that a marriage according to the usages of the Choctaw Indians, between members of that tribe, was valid, though the Choctaw law allowed divorce by mutual consent and allowed a plurality of wives.

31. **Divorce with provision against remarriage.**—In recent years it has become quite common for a court, under authority given by statute, in granting a divorce, to provide that one or both of the parties shall not remarry for a certain time. Such a provision may be so worded that the divorce does not become operative until a certain time after the divorce decree is given; in such a case the parties really remain married until that time has elapsed, and neither of them can marry anywhere. In Warter v. Warter[25] the court said: "The marriage in question in this case took place within three months of the decree. It

[24] 8 Ala. 48, LEADING ILLUSTRATIVE CASES.

[25] 15 Probate Div. 152 (Eng.), LEADING ILLUSTRATIVE CASES.

was contended that, as this marriage was celebrated in England, the parties were freed from the restraint imposed by the Indian Divorce Act. I am of opinion that that is not the case. Mrs. Tayloe was subject to the Indian law of divorce, and she could only contract a valid second marriage by showing that the incapacity arising from her previous marriage had been effectually removed by the proceedings taken under that law. This could not be done, as the Indian law, unlike our own, does not completely dissolve the marriage until the lapse of a specified time after the decree. This is an integral part of the proceedings by which alone both the parties can be released from their incapacity to contract a fresh marriage."

But if the provision operates only as against the guilty party, it is considered to be in the nature of a penalty; and, since penalties are not enforceable in countries other than the place where the penalty is imposed, the guilty party is free to marry outside the state in spite of the penalty. In Commonwealth v. Lane [26] the court said: "The provision of our statutes forbidding the guilty party to a divorce to contract another marriage during the life of the other party without leave of this court, on pain of being adjudged guilty of polygamy, does not create a permanent incapacity, like one arising from consanguinity or affinity. It is rather in the nature of an imposition of a penalty, to which it would be difficult to give any extra-territorial operation. Upon the principles and authorities stated in the earlier part

[26] 113 Mass. 458.

of this opinion, it certainly cannot invalidate a subsequent marriage in another state according to its laws, at least without proof that the parties went into that state and were married there with the intent to evade the provisions of the statutes of this commonwealth."

32. **Attempts to evade the marriage laws of the domicile.**—In the case just quoted from, the Massachusetts court observed that if the defendant had gone into another state to marry in order to evade the Massachusetts law, Massachusetts would not later recognize the validity of the marriage. In such a case the marriage would be good everywhere except in Massachusetts, the state which imposed the penalty.

A similar kind of case arose in Kinney v. Commonwealth.[27] A statute in Virginia prohibited the intermarriage of whites and negroes; there was no such prohibition in the District of Columbia. The defendant, a negro, and M, a white woman, both domiciled in Virginia, went to the District of Columbia, were married there, and in ten days returned to Virginia. It was held that, since the parties had gone into the District of Columbia in order to evade the law of Virginia, the Virginia court was not bound to recognize the validity of the marriage, and that the conviction of the defendant for lewd cohabitation should be affirmed. Such a marriage being abhorrent to the better element in both races, the decision seems thoroughly sound. In its opinion the court said: "The purity of public morals, the moral and physical de-

[27] 30 Gratton 858 (Va.).

velopment of both races, and the highest advancement of our cherished Southern civilization, under which two distinct races are to work out and accomplish the destiny to which the Almighty has assigned them on this continent—all require that they should be kept distinct and separate and that connections and alliances so unnatural that God and Nature seem to forbid them, should be prohibited by positive law and be subject to no evasion."

The House of Lords made a similar decision in a case where an Englishman and his deceased wife's sister, also domiciled in England, were married while on a visit to Denmark; since such a marriage is not considered reprehensible in all civilized countries, the decision has been much criticized.[28] The case has lost much of its practical significance since the prohibition against such marriages has been abolished by Act of Parliament.

33. **Marriage on the high seas.**—Every ship carries with it the law of her port of registry. Hence, if the marriage is celebrated in a vessel upon the high seas according to the law of the vessel's home port, the marriage is valid.

If, however, the ceremony is performed on the high seas, that is, more than three miles from shore, in a boat so small as to have no port of registry, and having no separate organized community on board, it would seem that there is no marriage, because there is no law to create any marital status. In Norman v. Norman[29] the court said: "We think it results from

[28] Brook v. Brook, 9 H. of L. Cas. 193 (Eng.).
[29] 121 Cal. 620.

considerations of reason and principle that unless it appears that this marriage was consummated under some recognized law, the courts of this state should not declare it valid; and we think that the burden is on the appellant to show such a law, failing in which his suit must fail."

It has been held in England, however, that a marriage ceremony between two of her subjects according to the law of their domicile is valid; there is much to be said for such a rule on the ground of convenience, even though it is difficult to support as a matter of legal theory.

34. **Legitimacy.**—One who is born illegitimate may later be made legitimate by statute, or, in some jurisdictions, by intermarriage between the parents. Since status is thereby being created, it would seem that the only state that could make the child legitimate as to his father would be the state of the father's domicile; if the state of the father's domicile takes such a step, it would seem that he would be the legitimate child of the mother as well, assent on the part of the state of the mother's domicile being presumed. But there seems to be no reason why the state of the mother's domicile may not pass a statute making the child the legitimate child of the mother if the state of the father's domicile takes no action.

In some countries the subsequent intermarriage of the parents has the effect of making the child legitimate. In order for the marriage to have such an effect it would seem to be necessary that such effect be given it by the law of the domicile of the party to whom the relation of legitimate child is claimed.

In In re Grove[30] A, a Swiss, came to England, acquired a domicile, had illegitimate children by X, a Swiss woman, and later married her. By Swiss law subsequent marriage legitimized the children; by English law there was no such legitimation. The court held that the English rule should apply, because A had an English domicile at the time of marriage, and, therefore, the children were not the legitimate children of A. There seems to be no good reason, however, why Switzerland might not consider the children to be legitimated by the marriage so far as their relation to their mother was concerned.

35. **Adoption.**—Legitimation is the validating of a previously existing natural relation. Hence, if legitimation takes place by the proper law, the children have all the rights of legitimate children everywhere. Adoption, on the other hand, is the creation of a relationship where there may have been no previous natural relationship and the children do not stand upon the same basis, necessarily, as legitimate children.

A, living in Georgia, wishes to adopt X, who lives in North Carolina; logically, both laws should be complied with, because both states are interested; but as a practical matter it is usually sufficient to comply with the law of A's domicile—at least, if the law of X's domicile allows adoption in some form. If X has been adopted by compliance with the proper law, his status as adopted child should be everywhere recognized; but, of course, it cannot be given effect to in those states which have no provision for adoption.

[30] 40 Ch. Div. 216 (Eng.).

CHAPTER IV.

CREATION OF PROPERTY RIGHTS AND INHERITANCE.

A. Property Rights.

36. **Realty and personalty—Immovables and movables.**—The common law classification of property is into realty and personalty, the latter including leasehold interests in land. This classification is the result of historical accident, is illogical, and does not obtain in civil law countries. The classification which prevails in conflict of laws is: immovables, including leaseholds as well as other interests in land, and movables. It is open to any state to change this classification as to property within its control; thus, Louisiana by statute declared slaves to be immovable. It was held, however, that this merely had the effect of saying how slaves should be treated while in Louisiana, and other states must recognize this right. When the slave is removed out of the jurisdiction permanently the law of Louisiana would no longer apply. The court said in McCollum v. Smith[31] that "this right to impress upon movable things the character of immovables does not depend upon their relation to the freehold, but results from the power inherent in every nation to prescribe rules for the disposition and arrangement of all property within its own territory."

37. **Immovables.**—The creation of rights in im-

[31] Meigs 342 (Tenn.).

movables depends generally upon the law of the place where the land is located. Consequently, though capacity to enter into contracts—including contracts with reference to land—depends upon the law of the place where the contract was entered into, yet capacity to transfer any property interest in the land by contract, deed or will depends upon the law of the situs of the land. Likewise, all other questions with reference to the validity of a conveyance of land are determined by the law of the situs. In Clark v. Graham[32] the court held that a deed to Ohio land, no matter where executed, must be executed in the presence of two witnesses, as required by the Ohio statute.

38. **Movables.**—The creation of rights in movables by transactions inter vivos (between living persons) depends upon the law of the place where the movable was at that time, irrespective of the domicile of the owner. In Cammell v. Sewell[33] X's ship, while in Norwegian waters, drove on the rocks, and her captain sold the cargo. By the law of Norway such a sale passed a good title, even though the captain acted wrongfully as between himself and the owner of the cargo. Though by the law of England the sale would have been invalid, the English court held that the sale should be upheld, the ship and cargo being in Norwegian waters, and, therefore, within the jurisdiction of the Norwegian courts.

39. **Movables carried to a different state.**—The case of movables carried to a different state after

[32] 6 Wheat. 577 (U. S.), LEADING ILLUSTRATIVE CASES.
[33] 5 Hurlstone and Norman 728 (Eng.).

rights attach often presents a difficult question. Suppose that A lends $1,000 to X, taking a mortgage on movables in Massachusetts, and complies with the Massachusetts law as to registering his mortgage. If X should carry the chattel outside of Massachusetts into New York without A's knowledge and consent, it is clear that such act will not deprive A of his right which has become vested by the law of Massachusetts.

But suppose that X removes the chattel into New York with the consent of A. In such a case it is competent for New York to require A to register his mortgage in that state within a reasonable time after the arrival of the movable in that jurisdiction, so that if A refuses or neglects to do so, he may lawfully be deprived of the benefit of his mortgage as against other creditors of X. Having consented to the property being taken into New York, he must comply with any reasonable requirements of the New York laws.

However, unless there is an express statute in New York specifically providing for recording in such cases A will not be affected.[34] An ordinary recording act will be construed as applying only to transactions with respect to movables which were in New York at the time. In Cleveland Machine Works v. Lang,[35] where the question was as to the validity of a conditional sale made outside New Hampshire, the court said: "The law of New Hamp-

[34] Langworthy v. Little, 12 Cush. 109 (Mass.), LEADING ILLUSTRATIVE CASES.

[35] 67 N. H. 348.

shire respecting conditional sales has no extra-territorial force, and does not apply to sales made out of the state. Neither the parties nor the subject-matter of the contract respecting the machine were within its operation. If the conditional sale had been made in this state before the statute was enacted requiring an affidavit of the good faith of the transaction and a record in the town clerk's office, it would not have been affected by the statute. When the machines were brought to this state there was no provision of the statute for recording the plaintiff's lien. There was no change or transfer of title in this state, and the title of the plaintiff valid against creditors under a contract completed in Massachusetts was not destroyed by the removal of the property to New Hampshire."

40. **Corporation stock—Choses in action.**—A transfer of stock in a corporation is governed by the law of the state which chartered the corporation, because it is only by a transfer on the books of the company that one becomes a shareholder. In Masury v. Arkansas National Bank[36] the court said: "From the nature of the stock of a corporation, which is created by and under the authority of the state, it [the assignment] is necessarily, like every other attribute of the corporation, to be governed by the local law of that state, and not by the local law of any foreign state."

For purposes of garnishment a debt is treated as if it had a situs with the debtor; while for purposes of taxation, if we regard such a tax as a property tax,

[36] 87 Fed. 381.

it is treated as if it had a situs with the creditor. The true view seems to be that it is not really property at all, but a power to get property, and has no situs. Suppose X of Michigan owes A of Wisconsin, and A transfers the claim to B, making the transfer in Ohio; since there is no situs, one might expect the law of the place of transfer to govern the validity of the transfer, and there are some cases to that effect. In Lee v. Abdy[37] the court said: "The subject-matter of the assignment is a chose in action which has no locality. The general rule, subject to exceptions which do not seem to apply to the present case, is that the validity and incidents of a contract must be determined by the law of the place where it is entered into. The assignment here in question is an assignment which exists, if at all, by virtue of a contract between assignor and assignee, and I cannot see how, if there was no valid contract between them, there can be any valid assignment."

An English case, In re Queensland Mercantile and Agency Co.,[38] seemed to hold that the law of the domicile of the debtor should govern, thus making the rule similar to the rule as to the transfer of stock in a corporation. The point can hardly be said to be well settled.

41. **Trusts—Express and resulting trusts.**—As to whether the law creates a trust right in property as the result of some transaction depends upon the law of the situs of the property. In Acker v. Priest[39] A

[37] 17 Q. B. D. 309 (Eng.), LEADING ILLUSTRATIVE CASES.
[38] 1891, 1 Ch. Div. 536 (Eng.).
[39] 92 Iowa 610, LEADING ILLUSTRATIVE CASES.

had conveyed Kansas land to his son-in-law, X, at the request of X's wife, Y; X later sold the land and invested the proceeds in Iowa land. The law of Kansas did not recognize the doctrine of resulting trusts, while the Iowa law did. It was held that since the trust must have arisen, if at all, with respect to the Kansas land, that the Kansas law governed and there was no resulting trust to Y.

Logically, the same rule would apply in case of all intended trusts, including express trusts. If all the property in which a trust was intended to be created was in one jurisdiction at the time of such attempted creation, such ought certainly to be the rule. But where trusts have been attempted to be created, either by deed or will, covering property located in several different states, and the creator of the trust wishes that it should all be administered as one estate, the desirability of having one uniform rule is so great that the law of the situs should yield to some other law, probably that of the settlor's domicile. The accurate way of stating this is to say that the law of the situs still governs the question of the creation of rights, but that for the sake of uniformity it will not insist on the application of its own rule, but that in such a case it will adopt and apply the rule of the settlor's domicile, making such a rule a part of its own municipal law for the purpose and to the extent of this case.

42. **Trusts as a matter of remedy.**—Wherever a trust is imposed as a matter of remedy, irrespective of the intention of the parties, the law of the place where the remedy is sought, usually called the law of

the forum, applies as to whether such remedy shall be given. No interest in the foreign property will arise in such a case until the transfer is made according to the court's decree. In Lord Cranstown v. Johnston[40] the defendant committed a tort on the plaintiff by having the plaintiff's land in the island of St. Christopher sold without notice to the plaintiff and bid it in at the sale. The English court having jurisdiction of the defendant decreed that the defendant should hold the land as constructive trustee for the plaintiff, according to the remedy given by English law. Title having passed by the law of St. Christopher, the plaintiff will get no interest in the land until the defendant conveys to him in accordance with the command of the English court. The mere decree of the court does not operate on the land.

43. **Specific performance as a right and as a remedy.**—If land is situated in a jurisdiction which gives specific performance in case of written contracts to convey, the purchaser gets a property right in the land the moment such a contract is made that a court of that jurisdiction will specifically perform.

But suppose land is located in a jurisdiction which would not grant specific performance, but suit is brought in a jurisdiction which will grant specific performance in such cases. If the court has jurisdiction of the defendant it may decree specific performance of the foreign land, the law of the forum governing. In such a case, of course, the purchaser gets no right in the land until the seller makes a

[40] 3 Vesey 170 (Eng.).

conveyance, and such conveyance must comply with the law of the situs, just as if it had been a conveyance made voluntarily.

44. **Marital property—Continental and English law.**—In the continental countries of Europe, which have the civil law system, the right of the husband in the property of the wife, and the right of the wife in the property of the husband depends, in the absence of contract, upon the law of the matrimonial domicile; that is, the law of the place where the married couple expect to live together; this is usually, but not always, the domicile which the husband had just before marriage. The rule applies not only to movables, but to immovables, the rule being considered as a part of the law of marriage, and not of the law of property.

In De Nicols v. Curlier[41] H and W, French subjects, married and lived together in France. Later they became domiciled in England and acquired both movable and immovable property there. The French marriage law was that, in the absence of contract, the property rights of the spouses should be determined by what is called in civil law countries the rule of community property. The English court held that the community property rule should apply to the property acquired in England just as if there had been an express contract before marriage providing for community of goods. Whatever may be said as to the correctness of the decision, the reasoning is objectionable as giving to a marriage under French law the effect of a contract as to marital property.

[41] 1900, Appeal Cases 21, and 1900, 2 Chan. 410 (Eng.).

45. **Marital property—American law—Immovables.**—The English case just discussed does not follow out logically the territorial idea of law which has been the theory of common law countries, and the case has not been followed in the United States. With us the matter is treated as a part of the law of property, and not as a part of the law of marriage. Hence, the rights of the spouses in each other's land is determined by the law of the place where the land is. In Saul v. His Creditors[42] S and his wife had intermarried in the state of Virginia and lived there some years thereafter; they then removed to Louisiana, where they acquired a large amount of property, both movable and immovable. It was held that the law of Louisiana applied as to marital rights, and not the law of Virginia. In its opinion the court emphasized the fact that the parties later became domiciled in Louisiana; but so far, at least, as the land is concerned it is difficult to see how it would have made any difference if the parties had become domiciled in Mississippi or had kept their domicile in Virginia.[43]

46. **Marital property—American law—Movables.**—Logically, the law of the situs should apply to movables also; as to movables owned by either spouse at the time of marriage, the law of the situs of the movables at that time; as to movables acquired later, the law of the situs of the property at the time of such acquisition. And such is believed to be the fair inference from the decisions. But the matter has been

[42] 5 Martin (n. s.) 569 (La.).

[43] See also Smith v. McAtee, 27 Md. 420.

clouded and confused by the frequent repetition of the fiction already referred to, that the situs of movables is at the domicile of the owner.

The law of the situs at the time of acquisition or at the time of marriage having once acted in fixing the rights of the spouses, such rights continue, even though the movables are removed from that jurisdiction, as long as the property retains its old form. In Smith v. McAtee[44] L and wife lived in Illinois; one G died, having devised a share of Maryland land to Mrs. L. The land was sold by order of court and Mrs. L became entitled to a share of the proceeds. By the law of Maryland a wife's property could not be reached by her husband's creditors; by the law of Illinois a wife's movables could be so reached. It was held that the creditors were not entitled. The creditors got no rights while the property remained in Maryland and they acquired no right merely by the property being brought to Illinois. If Mrs. L had taken the money and invested it in chattels in Illinois, it would then become subject to the Illinois law and the creditors of L would be entitled to attach the property.

B. Inheritance.

47. **Intestate succession—Immovables.**—If A dies leaving a valid will he is said to die testate; if there is no valid will, he is said to die intestate. If there is a valid will as to part only, he is said to be testate as to that part and intestate as to the residue.

Suppose A dies intestate, leaving as his only rela-

[44] 27 Md. 420, LEADING ILLUSTRATIVE CASES.

tives a full brother, X, and a half-brother, Y. At the time of A's death he owned land in state M and also in state N. In state M the half-blood inherits equally with the full blood; in state N the full blood inherits to the exclusion of the half-blood. It is well settled that the law of the situs prevails; therefore, Y can get a share of only the land in state M. The domicile of A is immaterial.[45]

48. **Intestate succession—Movables.**—Let us suppose in the above case that A died domiciled in state L, leaving movables in states L, M and N. Since the state of the situs has complete control, and only its law can pass the title to property, a state may insist on having its rule applied to the question of who is entitled to succeed to the movables, just as all states do in the case of immovables. For example, Illinois has thus provided by statute.[46] But in case of movable property the advantage of treating the whole movable estate of the deceased as a unit is so great that in most jurisdictions the rule of distribution is not that of the situs of the property at time of death, but that of the domicile of the decedent at that time. So well settled is this rule that it would take an express statute to change it. In Lawrence v. Kitteridge[47] the court said: "It is true that it is in the power of every sovereignty, and within the constitutional powers of the states of this Union, to repudiate this salutary doctrine in its application to themselves, or to modify it for what they may suppose to be the protection of their own citizens; but

[45] Birtwhistle v. Vardill, 7 Clark & Finelly 895 (Eng.).

[46] Cooper v. Beers, 143 Ill. 25.

[47] 21 Conn. 576, LEADING ILLUSTRATIVE CASES.

without some peculiar necessity it cannot be supposed that any well-regulated government will do it."

49. **Testate succession—Immovables.**—The law as to testate succession to immovables is similar to the law as to intestate succession; that is, the law as to the situs of the land applies. In Carpenter v. Bell[48] a will executed in Kentucky by a married woman purporting to dispose of land in Tennessee was held valid though a married woman had no capacity to devise Kentucky land. The court said: "The rule is that the *lex rei sitae* (law of the situs of the property) governs as to the capacity or incapacity of the testator, the extent of his power of disposition, and the forms and solemnities necessary to give the will its authority and effect."

In Robertson v. Pickrell[49] a will purporting to dispose of land in the District of Columbia was executed in Virginia. The court said: "The execution of such a will must be attested by at least three witnesses. It matters not how effective the instrument may be to pass real property in Virginia; it must be executed in the manner prescribed by the law in force in the District of Columbia to pass real property situated there, and its validity must be established in the manner required by that law. It is familiar doctrine that the law of the place governs as to the formalities necessary to the transfer of real property, whether testamentary or inter vivos (between living persons)."

50. **Testate succession—Movables.**—Just as in

[48] 96 Tenn. 294, LEADING ILLUSTRATIVE CASES.
[49] 109 U. S. 608.

the case of intestate succession, movables must pass, if at all, by the operation of the law of the situs; and the state of the situs may insist that its own rule as to wills should be applied. The Illinois statute referred to previously includes testate as well as intestate succession. But here, as in the case of intestate succession, the desirability of having all the movables governed by one rule is such that in most jurisdictions the law of the domicile at the time of death is applied.

Where the will does not comply with the requirements of the law of the domicile at the time of death, but does comply with the law of the domicile at the time of making the will, or with the law of the place where the will was executed, the tendency is to uphold the will. This is a sensible modification of the rule stated above, made in the interest of carrying out the decedent's intent, instead of frustrating it, and should be expressly provided for in every statute of wills.

51. **Revocation of wills.**—So far as immovables are concerned, the question of revoking a will depends upon the same law as the question of making the will, namely, the law of the situs of the land.

As to movables, the English case of In re Martin[50] seemed to hold that the law of the domicile at the time of the alleged act of revocation should govern. If a will took effect as soon as it was executed, instead of at the death of the decedent, such a decision would seem to be sound. But, since a will is ambulatory till death, that is, is not effective till the death

[50] 1900, Probate 211 (Eng.).

of the decedent, it would seem more logical that the law governing the making of the will should govern. This, as noted, is normally the law of the domicile at the time of death.

52. **Interpretation of wills.**—A, of Rhode Island, made his will devising some Minnesota land to his wife. A then removed to Massachusetts, and died. The question arose as to whether the testator meant the land to be in lieu of dower or in addition to dower. The rule of construction adopted by the Rhode Island and Minnesota courts was that the devise should be in addition to dower unless a contrary intent was shown. Massachusetts had a statute laying down the opposite rule. The Massachusetts court, in Staigg v. Atkinson,[51] held that the statute was not meant to apply to land outside of Massachusetts. The court, therefore, held that the widow should be entitled to the devised land in addition to dower, but this did not compel them to decide whether the law of Rhode Island, the domicile at the time of making the will, or the law of Minnesota, the situs of the land, was the proper one to be applied. An English case, In re Fergusson's Will,[52] where the question was as to the meaning of the words "next of kin," took the view that the usage of the testator's domicile at the time the language was used should govern. This seems to be the sound doctrine, because that is the usage with which the testator is most likely to be familiar.

53. **Execution of powers.**—Suppose A, domiciled

[51] 144 Mass. 564.
[52] 1902, 1 Ch. 483 (Eng.).

in England, dies having bequeathed a sum of money to trustees to be paid and transferred as A's daughter X "shall by her last will appoint." X is domiciled in France. She makes a will disposing of the fund. Must X's will conform to English law or to French law? It has been held in England[53] that a will valid by either law is a valid execution of the power. The question seems to be one of interpretation of the word "will" as used in the phrase "shall by her last will appoint," in the testament of A; and, since it is fair to assume that A would have been satisfied with either an English or a French will in the case just discussed, the English decision seems to be sound.

[53] In re Price, 1900, 1 Ch. 442 (Eng.); D'Huart v. Harkness, 34 Beav. 324 (Eng.).

CHAPTER V.

CREATION OF TORT AND CONTRACT RIGHTS.

A. Tort Rights.

54. **The lex loci actus (the law of the place where the act occurred).**—Whether a particular act gives rise to a tort cause of action depends upon the law of the place where the act was committed. That is the law which creates the obligation, if any, and there would seem to be no good reason why the rule of any other jurisdiction should be applied instead of the lex loci actus. And this seems to be the weight of authority.

In LeForest v. Tolman[54] the defendant's dog bit the plaintiff in New Hampshire; under New Hampshire law there was no tort, because there was no scienter, that is, the defendant did not know that the dog was accustomed to attack and bite mankind. The plaintiff sued in Massachusetts, where such an act, if committed in Massachusetts, would be a tort, no scienter being required by the Massachusetts law. It was held that the plaintiff was not entitled to recover, the question of whether there was a tort or not depending upon the law of New Hampshire, where the act was committed.

Even if there was a tort committed, if it has later been justified by the country in which the tort was committed, the cause of action is thereby destroyed

[54] 117 Mass. 109, LEADING ILLUSTRATIVE CASES.

and, therefore, suit will not lie anywhere. In Phillips v. Eyre[55] the defendant had, in the course of a rebellion in Jamaica, committed the tort of false imprisonment on the plaintiff; later, the Jamaica legislature passed a statute validating all acts done in good faith to repress the rebellion; this included the tort committed by the defendant upon the plaintiff, and the English court held that the statute operated as a complete extinguishment of the cause of action, and that the plaintiff was not entitled to recover in England.

55. **Machado v. Fontes.**[56]—There is, however, a case in England which seems to be inconsistent with the rule laid down in the previous section. In Machado v. Fontes the defendant published in Brazil a libel on the plaintiff. By the law of Brazil the act was a crime, subjecting the defendant to punishment at the hands of the state, but it apparently was not a tort, that is, it gave the plaintiff no right of action for compensation. Action having been brought in England, the English court held that the plaintiff was entitled to recover, because the act of publishing the libel was a wrongful act by the law of Brazil, and that the difference between a criminal prosecution and a civil remedy for compensation to the injured party was a mere difference of remedy or procedure; and that England, having jurisdiction of the defendant, could give what remedy it chose for the wrongful act. The difficulty with the reasoning of the case is that, although, historically, the law of crimes grew

[55] L. R. 6 Q. B. 1 (Eng.).
[56] 1897, 2 Queen's Bench 231 (Eng.).

out of the law of torts, they are substantially different at the present day. If the difference were merely a difference in procedure, the case would be right, because the court where a suit is brought determines its own procedure for all cases; it does not change its remedies to accommodate litigation on actions arising abroad.

56. **Measure of damages—Action for wrongful death.**—The question of the measure of damages to which the plaintiff is entitled in a tort action is also governed by the law of the place where the tort was committed, because it is considered to be a part of the right of action; it is not merely a matter of remedy. But if there is a statute limiting the amount of recovery to a particular sum in certain actions, this applies to all actions of that sort brought in the courts of that state, no matter where the cause of action arose, and thus becomes a limitation on the remedy.

The right to recover damages for causing wrongful death is also governed by the law of the place where the injury was committed which resulted in death. If the right is given by way of punishment to the wrongdoer, it is enforceable, like all other penal obligations, only in the state where the penal obligation arose. But most of the statutes giving a right of action for wrongfully causing death are construed as being compensatory, the amount of recovery being usually based upon the loss to the plaintiff and not on the blameworthiness of the defendant.

In Northern Pacific R. R. v. Babcock,[57] action

[57] 154 U. S. 190.

had been brought in a federal court in Minnesota for damages for wrongfully killing one Munro in Montana. The Montana statute provided that "such damages may be given as under all the circumstances of the case may be just." At the time of the accident which resulted in death the statute of Minnesota limited recovery in case of death to $5,000, but at the time of the trial the limit had been increased to $10,000. The plaintiff recovered judgment for $10,000 in the court below, and this was affirmed, the court holding that the Minnesota statute was not penal, but compensatory, and, therefore, action would lie outside of Montana; and that the measure of damages should be governed by the law of Montana, where the tort cause of action arose. As to the limitation of recovery by the Minnesota statute, this was a matter of remedy, and, therefore, the limit in force at the time when the remedy is given is that which applies. In this case, at the time when the judgment for $10,000 was rendered, the limitation on recovery had been raised to that amount, so the judgment did not violate it.

B. Contract Rights.

57. **Place of contracting.**—As explained in § 28, the capacity of parties to contract is governed by the law of the place of contracting; the formalities necessary to a contract are also governed by that law. What is the place of contracting?

The place where the last act is done which makes the agreement operative as a contract is the place of contracting. If A signs a bond or negotiable note

in Indiana, but it is delivered in Ohio, the place of contracting is Ohio, because it was the delivery there which made it effective.[58]

In Northampton Mutual Live Stock Ins. Co. v. Tuttle,[59] the defendant in New Jersey applied to the plaintiff insurance company in Pennsylvania for an insurance policy; the insurance company mailed the policy to A. It was held that the mailing of the policy, which took place in Pennsylvania, was the acceptance of A's offer and completed the contract, and therefore that Pennsylvania was the place of making. The court said: "Thatcher acted as agent of the company with authority to receive applications. He received the defendant's application, with the premium, which he transmitted to the company at its place of business in Pennsylvania. By the express terms of the receipt given by the agent to the defendant, the company had the option to approve the application and issue a policy, or to reject it and refund the premium. It was a mere proposition from which the parties might have receded, and not a contract. Approval by the company was necessary to ripen it into a contract. Not until then did the minds of the parties come together and invest the transaction with the attributes of a valid agreement. The contract of insurance must be regarded as having been made when the company approved the defendant's application, and issued and transmitted to him their policy. The contract must be held to have been made where the last act necessary

[58] Watson v. Lane, 52 N. J. L. 550.
[59] 40 N. J. L. 476.

to complete it was done. Although there is some conflict in the cases, I think that the weight of authority is that when the offer of the insured was accepted, and the policy deposited in the post office by the company, properly addressed to the insured, the contract was made."

If the Pennsylvania insurance company had mailed the policy to their New Jersey agent to deliver to the defendant in New Jersey, then the contract would not be complete till such delivery in New Jersey, and New Jersey would be the place of making.

58. **Place of contracting—Capacity.**—In Staples v. Nott,[60] a promissory note executed in the District of Columbia was held by a District of Columbia bank; at the maturity of the note the bank was prevailed upon to accept a new note in renewal; the new note was signed in New York and sent to the bank; it was held that since the new note was not to take effect till it was substituted for the old note, the place of contracting was the District of Columbia where the substitution was made, although the note had been signed in New York.

In Milliken v. Pratt,[61] the defendant, a married woman in Massachusetts, sent a letter of guaranty to the plaintiffs in Portland, Maine, as collateral security for the liability of her husband for the price of goods sold by the plaintiff to him. Upon receipt of the letter of guaranty, the plaintiffs made the sale to the defendant's husband in Maine. The

[60] 128 N. Y. 403.
[61] 125 Mass. 374, LEADING ILLUSTRATIVE CASES.

Massachusetts court held that the guaranty became effective, if at all, upon the sale being made; the place of contracting was therefore Maine. The law of Maine authorized a married woman to bind herself by any contract as if she were unmarried. The law of Massachusetts did not allow her to enter into a contract as surety for or for the accommodation of her husband or of any third person. Capacity being governed by the place of contracting, the defendant was therefore held to be bound.

59. **Contracts made by agents—Ratification.**—In Mack v. Lee,[62] one Levy, a traveling agent for the plaintiff who was a New York merchant, took the defendant's order for five barrels of whisky to be sent to the defendant's place of business in Rhode Island, at which place also the defendant's order to Levy was given. The plaintiff later delivered the whisky to a common carrier in New York to be transported to the defendant. It was held that the delivery to the carrier completed the sale and that the place of contracting was New York. If, however, the parties had had in mind a particular five barrels of whisky, and the agent had had authority to close the transaction in Rhode Island, and had done so, the place of contracting would have been Rhode Island.

In Hill v. Chase,[63] the defendant, a married woman domiciled in New Hampshire, employed her sister, Mrs. Shirley, to borrow some money from Mr. Hill, her brother, who lived in Massachusetts. Mr. Hill

[62] 13 R. I. 293.
[63] 143 Mass. 129.

refused to lend the money, but the plaintiff, his wife, delivered to Mrs. Shirley $50, together with a paper of which the following is a copy: "Salem, July 1, 1864, Borrowed and Received from Nancy D. Hill the sum of $50. Sign this and return it." Mrs. Shirley carried the money and the paper to the defendant, who took and kept the money, signed the paper, knowing its contents, and returned it to the plaintiff in Massachusetts. The court held that since the loan was actually made in Massachusetts, the place of making the contract was Massachusetts and that the place where the act of the agent was ratified was immaterial.

60. **Bilateral contracts—Mail and telegraph.**—Suppose that A in Rhode Island sends by mail to B in Massachusetts an offer to make a bilateral contract (that is, a contract consisting of promises on each side), and B mails his acceptance of the offer in Massachusetts. Assuming the law of Massachusetts to be according to their latest decision on the point that mailing an acceptance does not complete the contract, the contract would not be completed in Massachusetts and hence Massachusetts would not be the place of making. There could be no contract until the letter of acceptance either came into Rhode Island, where the law is that mailing an acceptance completes the contract, or into some other state having the same rule as Rhode Island. The entrance of the letter into any state having such a rule would be enough to give that state jurisdiction to create a contract right. If the position of the parties is reversed—the offer being sent from Massa-

chusetts to Rhode Island, and the acceptance being mailed in Rhode Island—there is, of course, a contract at once and the place of making is Rhode Island.

The case of offer and acceptance by telegraph would be treated in the same way except that in the case of acceptance sent by telegraph from Massachusetts there could be no contract till actual receipt in Rhode Island, there being no act of carrying the message but only of despatch in Massachusetts and receipt in Rhode Island. In such a case Rhode Island would be the place of making.

61. **Formalities.**—The formalities required in a contract are determined by the law of the place of making because the parties will presumably get forms and legal advice at that place. Hence if at the place of making there is a statute requiring all agreements to have a stamp in order to be valid, all agreements made there must conform thereto. In Clegg v. Levy,[64] an unstamped agreement had been offered in evidence which had been signed by the parties at Surinam. Lord Ellenborough said: "I should clearly hold, that if a stamp was necessary to render this agreement valid in Surinam it cannot be received in evidence without that stamp here. A contract must be available by the law of the place where it is entered into, or it is void all the world over." If the requirement of the Surinam statute had been that agreements must bear stamps to be admitted into evidence, such a requirement would apply to contracts sued on in that jurisdiction, no

[64] 3 Campbell 166 (Eng.).

matter where the contracts were made, but would not apply to contracts made there and sued on elsewhere.

The same distinction is to be made in questions arising under the Statute of Frauds. If the particular statute requiring a written memorandum in certain classes of contracts be construed as affecting validity, it applies of course to all such agreements completed in that state, and if the forms required by statute are not complied with, there is no contract and suit cannot be brought anywhere. If, however, the Statute of Frauds is construed, as it usually is, as requiring merely a certain kind of proof, then it applies to all suits brought in its courts on such contracts whether the contracts were completed there or elsewhere.[65] It would be possible to have a statute so framed as to cover both classes of cases;—to require a memorandum in order to make certain classes of agreements completed in that jurisdiction valid, and also to require a memorandum as evidence in suits brought on such contracts in its courts without regard to the place where the contract was made.

62. **Other matters affecting validity.**—As we have seen, the question of capacity and the question of formality, where form is required for validity and not merely as a matter of evidence, are, by the weight of authority, determined by the law of the place of the making of the contract. As to other matters affecting the question whether a valid obligation has arisen, there is much confusion. One point is clear: since rights—that is, legal rights—are given by law

[65] Hunt v. Jones, 12 R. I. 265, LEADING ILLUSTRATIVE CASES.

and cannot arise merely because the parties so intend, only the law of the state of the place of making an agreement can annex a contract obligation to it; and unless there is some good reason to the contrary, the rule of that state should be applied. Is there any good reason for applying the rule of some other jurisdiction to determine whether a valid obligation has arisen?

It might be argued that if an agreement constituted a valid contract measured by the rules of law of place of performance, it ought to be valid even though the law of the place of making did not ordinarily annex an obligation to such an agreement. For example, suppose that A and B enter into an agreement in state X, the agreement to be performed entirely in state Y; by the law of state Y such an agreement constitutes a valid contract; by the law of state X it does not. Is there any good reason why A and B should be compelled to go to state Y to make a valid contract? Ought they not to be able to make it in state X? That is, should not state X, as to agreements to be performed entirely in another state, uphold the agreement and make it a valid contract if by the law of the place of performance such an agreement is a valid contract? To put it in another way, should not state X, so far as agreements valid by the law of the place of performance are concerned, adopt and make part of its own law the law of the place of performance?

63. **Usurious contracts.**—In usury cases the above argument has prevailed in most jurisdictions in this country, the result being that if a loan of money is

made in Indiana to be repaid in Missouri, the contract is not usurious if it is valid by either the law of Indiana or Missouri,[66] provided that the place of performance has not been chosen merely in order to evade the usury laws of the place of making.[67]

In a few cases it has been held that the question of formality should be governed by the law of the place of performance.[68]

64. **"The law intended by the parties to govern."** —If there is to be any other rule than the simple one that the law of the place of making should apply to all questions of validity, the rule of the usury cases that the contract should be upheld if valid either by the law of the place of making or by the law of the place of performance certainly has the next best claim for recognition, there being much to be said for it on the score of convenience. But in many cases the rule is laid down, following a dictum of Lord Mansfield in Robinson v. Bland,[69] that that law governs validity which the parties intended to govern it. This is objectionable from a practical standpoint because it is so uncertain in its application. Usually the parties have no intent in regard to the matter, and if there were such intent, and the contract is written, no direct evidence of intent would be receivable on acount of the parol evidence rule. The courts have therefore been compelled to fall back upon presumptions of intent, thus making

[66] Junction Railroad Co. v. Ashland Bank, 12 Wall. 226 (U. S.).

[67] Meroney v. Atlanta National Building and Loan Association, 112 N. C. 842.

[68] Hall v. Cordell, 142 U. S. 116.

[69] 2 Burrow 1077 (Eng.).

the rule highly artificial. As might be expected, there is great disagreement in the decisions as to what the presumption is in such cases. Some courts hold that the parties are presumed to have intended the law of the place of making to govern, while others hold that the presumption is in favor of the law of the place of performance. Where the contract is to be performed in several states whose laws differ as to the question of validity, it is obvious that it would be impossible to apply the law of the place of performance. Still other courts hold that the parties are presumed to intend the law either of the place of making or of the place of performance, whichever one holds the contract valid. If any other rule than the law of the place of making is adopted, it ought to be a simple and easily applied rule. The above doctrine is also objectionable from a theoretical standpoint because it seems to intimate that rights depend upon the will or the intent of the parties, and not upon the law.

As an illustration of the above rule, see Pritchard v. Norton.[70] In that case the defendant made a bond of indemnity in New York, the performance to take place in Louisiana; it was not valid by the law of New York because given for a past consideration, but such a bond was good by the Louisiana law which held past consideration to be sufficient. The bond was held valid, the court saying: "We do not hesitate, therefore, to decide that the bond of indemnity sued on was entered into with a view to the law of Louisiana as the place for the fulfillment of its obli-

[70] 106 U. S. 124.

gation; and that the question of its validity, as depending upon the character and sufficiency of the consideration, should be determined by the law of Louisiana and not that of New York."

65. **Interpretation.**—Interpretation of a contract, as of a will, is a matter of the usage of language rather than strictly a question of law. Since the party using the language was presumably most familiar with the usage of his domicile, that usage should govern.

In Knights Templars, etc., Aid Ass. v. Greene,[71] one Greene of New York took out a policy in an insurance company of Ohio, the policy being made payable, by the direction of Greene, "to the heirs of the said John G. Greene." New York being the domicile of Greene, the court held that the New York usage should govern as to the meaning of the word "heirs," and used the phrase, saying: "This designation was made in New York, by one domiciled in New York, for distribution to his family, most of whom lived in New York. If we were construing this language as a clause in a will, whether the money bequeathed were payable in New York or in Ohio, there can be no doubt that the word 'heirs' would be construed under the New York law because that was the domicile of the testator. * * * Following this testamentary rule of construction, I have little difficulty in concluding that Greene intended that the language he used should be construed by the law of New York. Indeed, without the aid of authority, I should reach the same

[71] 79 Fed. 461.

decision. Greene lived in New York, and all the possible objects of his bounty lived there. Is it reasonable to suppose that he would use language to describe them, intending it to be interpreted by the law of some other state? I cannot think so."

As to the words used by the insurance company of Ohio in making the contract, the usage of Ohio would govern.

66. **Effect of acts connected with contracts—Partnership and agency.**—In our law a contract to enter into a partnership does not of itself create a partnership; only the act of doing business as partners has that effect. Hence, to determine whether a partnership has been created, we look to the law of the place where such acts took place and not to the law governing the contract of partnership. In Waverly National Bank v. Hall,[72] C made a contract in Pennsylvania with X to furnish him capital to carry on a business in New York, C to get a share of the profits. It was held that the law of New York where the business was to be carried on should be applied to determine whether this made C a partner or not, and not the law of Pennsylvania where the contract was made.

In Baldwin v. Gray,[73] A and B, a partnership doing business in Pennsylvania, sent their agent X to Louisiana to enter into business transactions there on behalf of the partnership. X, acting under their authority, made a contract in their behalf in Louisiana. By the law of Louisiana each of the partners

[72] 150 Pa. 466, LEADING ILLUSTRATIVE CASES.
[73] 4 Martin (n. s.) 192 (La.).

was liable only for his share, by the law of Pennsylvania each partner was liable for the entire amount. Although the law of Pennsylvania determined whether A and B were partners or not because they were engaged in business in that state, their liability as partners depended upon the law of Louisiana where their agent X entered into the contract because it was a question as to the effect of X's act.

67. **Performance.**—Assume now that a valid contract has been entered into in state X to be performed in state Y, and the question is raised as to whether the contract has been performed; the law seems to be pretty well settled on this point, that the law of the place where the contract was intended to be performed, is the one to be applied to determine the question. In Tarbox v. Childs,[74] the plaintiff sold to the defendant in New York certain horses for $1,000; a part of the purchase price was paid in cash not long afterwards, and some months later the defendant sent the plaintiff his note for the balance payable in Boston. It was held that since the debt for the horses arose in New York and was payable there, the question as to whether the note operated as payment for this antecedent debt should be determined according to the law of New York—the place of performance.

In Stebbins v. Leowolf,[75] there was a contract to be performed in New York. The day of performance fell on Sunday. It was held that the question

[74] 165 Mass. 408.
[75] 3 Cush. 137 (Mass.).

of whether performance must be made on the preceding Saturday or might be made on the Monday following depended upon the law of New York—the place of performance.

68. **Same subject.**—In Graham v. The First National Bank, [76] the defendant, a bank corporation in Virginia, owed dividends to X, a married woman in Maryland. The defendant paid the dividends to X's husband, which was a good payment according to Virginia law but not according to Maryland law. In an action by X against the bank the court held that the payment to X's husband is valid, saying: "In the present case the contract was made in Virginia and was to be performed there. The dividends were there declared and payable. They were paid to the husband, who could lawfully receive and appropriate them by the law of Virginia to his own use and benefit. The payment was, therefore, valid and effectual, and discharged the bank from its liability. The rights of the wife after such payment, as between herself and her husband under the law of Maryland, might prove to be a very different question. It is sufficient for the purposes of this case that the payment which the referee finds was in fact made to the husband discharged the liability of the bank and furnished a defense to the action."

In Benners v. Clemens,[77] the plaintiff claimed the balance due on a shipment of fruit contracted for in England and shipped to the defendant in New York;

[76] 84 N. Y. 393.
[77] 58 Penn. 24.

he claimed that the payment should be made in gold and not in United States legal tender notes. The court said: "In the absence of any understanding to the contrary the balance was due and payable there (in England). This being so, it was payable in the legal currency of the country, denominated pounds, shillings, and pence, and the representative of gold. Of course, as any payment obtained here would be payable in legal tender notes, the value of the gold in legal tenders, with interest, would be what in amount the judgment should be." That is to say, if the amount payable in England was $3,000, and legal tender was worth only 50 cents in gold, the Pennsylvania court would give a judgment for $6,000.

69. **Discharge.**—Upon principle the question as to whether a contract has been discharged should depend upon the law of the place of performance—the discharge making the contemplated performance unnecessary and therefore a substitute for performance. There are some cases to that effect. In Greenwald v. Kaster,[78] the question arose as to whether the release of one joint debtor released both; it was held that this depended upon the place of payment—that is, of performance—and not the place where the release was executed.

A difficulty arises where a single, indivisible contract is to be performed in more than one state. In Morgan v. New Orleans, Mobile & Texas R. R.,[79] the contract was made in New York to be performed

[78] 86 Penn. 45.
[79] 2 Woods 244 (U. S. C. C.).

in New York, Alabama and Louisiana. The contract was sought to be rescinded because of failure to make the performance stipulated for in Louisiana; the law of Louisiana allowed such rescission but the law of Alabama and New York did not. The court held that it would not be fair to decide the question of the discharge of the whole contract by the law of Louisiana, where only a part of the contract was to be performed, and therefore fell back on the law of New York as the law of the place of making. The court said: "In Louisiana, non-performance of a material stipulation renders the whole contract liable to be dissolved. But no one would apply that rule of Louisiana law to a contract not subject to its dominion, even though the breach should occur in Louisiana. The fact, therefore, that one of the acts to be performed in this case, the construction of a railroad, was to be performed in Louisiana, will not help to resolve the question, unless we can affirm that the entire contract is to be governed by the Louisiana law. Does the fact, that a portion of the contract must necessarily be performed in Louisiana, subject it to that condition? If it does, then the like fact that a portion of the contract is necessarily to be performed in Alabama would subject it to Alabama law, and make it an Alabama contract.

"In this embarrassment, I do not know that I can do better than to fall back on the general rule that a contract is to be governed by the law of the place where it is made. The presumption, that where a contract is to be performed in a different jurisdiction, the parties must be intended to have in view

the laws of the latter, seems to be repelled when the performance is to take place in several different jurisdictions. For when there are two equal and opposite presumptions neither of them can prevail. The present case is still stronger; for much of the contract was performable and actually performed in the place where it was made."

70. **Discharge in bankruptcy.**—Logically, discharge in bankruptcy should be treated as any other sort of discharge, even though the obligation is considered as being not entirely extinguished; that is, it should be governed by the law of the place of performance. But it is well settled in this country that a discharge made under a state bankruptcy law is effective only as to those creditors who are domiciled in that state, or who submit themselves to the jurisdiction of its courts by making their proof in the bankruptcy proceedings. The place of making and the place of performance of the contract are both entirely immaterial. It is this rule which has made so desirable the enactment of the United States Bankruptcy Statute so that under it a debtor can be relieved from all his obligations to all creditors living in the United States. In Felch v. Bugbee,[80] the court said: "After a careful consideration of the reasonings and decisions of the courts on this vexed subject, we can only say that, if the question were an open one in all respects, we might incline to the doctrine that the place of making and the place of performance should control, on the grounds before stated, rather than the fact of naked citizenship.

[80] 48 Me. 9.

Yet we are forced to the conclusion that a different rule has been finally established by the Supreme Court of the United States and concurred in by most of the state courts, and we are not disposed to depart from the rule thus established. * * * The rule rests entirely on the citizenship of the party, and not at all on the place of making or performance. It is the result of that train of reasoning which regards the insolvent laws of the state as local, having no extra-territorial force so as to act on the rights of citizens of other states; and which holds that, as between citizens of the states, the discharge will bind them as to all posterior contracts, wherever made or wherever to be executed; and, as to citizens of other states, will not discharge any existing contract, although made or to be performed in the state granting the discharge. * * * It rests entirely on the citizenship of the parties and treats all other matters as immaterial."

CHAPTER VI.

RECOGNITION AND ENFORCEMENT OF RIGHTS.

71. **General doctrine.**—We will assume, in this chapter, that the legal right has come into existence by the proper law. Such legal right having come into existence, becomes thereby a fact, and will be recognized everywhere just as the existence of any other fact is recognized, whether in the same or different jurisdiction. And the general doctrine of the chapter is that the legal right will be enforced as far as the machinery of the courts where enforcement is sought is adapted to such enforcement unless there is some good reason to the contrary.

A. Remedies.

72. **Right of foreigners to sue.**—Each state of the American Union is bound by the United States Constitution to open its courts to the citizens of other states; but the remedy which each state must give is only such as it gives its own citizens upon similar rights. One who sues in the court of a state in which he is not a citizen must take the procedure of its courts as he finds it; he cannot insist upon the same sort of procedure which he could have had in the courts of his own state. Another way of expressing the same thing is to say that all matters relative to the enforcement of rights depend upon the law of the forum; that is, the law of the place where the suit is brought.

As to citizens of other countries, there is nothing to prevent a state from refusing legal relief; and this is sometimes done where both parties are foreigners and the cause of action arose elsewhere.[81]

In Matthaei v. Galitzin,[82] the plaintiff and the defendant, both foreigners, had entered into a contract respecting property in a foreign country. The court said: "My opinion is, therefore, that a foreigner resident abroad cannot bring another foreigner into this court respecting property with which it has nothing to do. This court is not to be made a vehicle for settling disputes arising between parties resident abroad."

The modern tendency, however, is to allow suits on foreign causes of action even though both parties are foreigners.

73. **Local and transitory causes of action.**—Actions in which the relief sought is the recovery of the possession of the property or the determination of the title can be brought where the property is located. This rule is observed with especial strictness in the case where the property is land. Hence ejectment, detinue and replevin are all called local actions, because they must be brought at the place where the property is located, in contradistinction to transitory actions which may be brought elsewhere.

Logically, it ought to be possible to bring all personal actions, that is, actions seeking a personal judgment for damages, whether based on tort, con-

[81] The Belgenland, 114 U. S. 355.
[82] L. R. 18 Eq. 340 (Eng.).

tract, or quasi-contract, in any court where jurisdiction over the defendant could be obtained. This is the general rule, but it is subject to one exception. The weight of authority seems to be that an action for damages for trespass to land can be brought only where the land is situated.[83] Such a doctrine is not only theoretically objectionable, but is likely to lead to the denial of justice. If A trespasses on B's land in England and then removes from England permanently without leaving any property there which might be attached, it is obviously impossible for B to get any relief. On this point the court in the case above cited said: "It is argued that if an action of trespass cannot be maintained in this country where the land is situated abroad, a wrongdoer by coming to this country might leave the person wronged without any remedy. It might be a sufficient answer to this argument to say that this is a state of things which has undoubtedly existed for centuries without any evidence of serious mischief, or any intervention of the legislature." A little reflection will show that this is not the sort of question that the legislature is likely to deal with; the legislature of the country where the trespass was committed is obviously powerless to remedy the matter, and the legislature of the country to which A may emigrate is not interested particularly in insisting that the courts shall enforce the rights of the foreigner against A.

It is not a sound objection to giving relief that

[83] British South Africa Co. v. Companhia de Moçambique, (1893) Appeal Cases 602 (Eng.).

the court will have to determine who owns the land because such a finding is only incidental to giving the damages sought and could not in any way bind the land or bind the parties in litigation over the title to the land in a court which has jurisdiction over the land.

74. **Procedure—Arrest for debt.**—All matters relating to procedure are governed by the law of the forum. No court will change its procedure to accommodate foreign suitors or foreign causes of action. It is not always easy to draw the exact line between that which pertains to the enforcement, that is, remedy or procedure, and that which is a matter of substantive right. But some points are fairly clear.

In De la Vega v. Vianna,[84] the plaintiff and defendant were both foreigners; the debt was contracted in Portugal, and by Portuguese law the defendant would not have been liable to arrest. The question was whether the defendant had been validly arrested in the English action. The court held that the defendant was subject to arrest, saying: "In construing contracts the law of the country in which they are made must govern, but the remedy upon them must be pursued by such means as the law points out where the parties reside. * * * A person suing in this country must take the law as he finds it; he cannot, by virtue of any regulation in his own country, enjoy greater advantages than other suitors here, and he ought not therefore to be deprived of any superior advantages which the law of this country may confer. He is to have the same

[84] 1 Barnewall & Adolphus, 284 (Eng.).

rights which all the subjects of this kingdom are entitled to."

75. **Same subject—Statutes of limitation and conditional limitation.**—A lends B in Ohio $1,000 due January 1, 1950. B then removes to Indiana. Let us suppose that the Ohio Statute of Limitations, applicable in such a case, is six years, and that of Indiana is four years. A, in suing in Indiana, must comply with the Indiana Statute of Limitations and bring his suit within four years, the common construction of such statutes being that they affect all suits brought in the courts of that state which pass the statute. If the case be reversed—the Ohio statute four years and the Indiana statute six years—A would have the longer period to bring his action, unless the Ohio statute should be construed as extinguishing all rights of action after four years and unless B had resided in Ohio for that length of time after 1950 before removing to Indiana; in such a case there would obviously be no right upon which to sue anywhere. Western states, that desire to attract settlers, usually make the period of limitations short, and in some of them the statutes are construed as not merely cutting off the remedy but as extinguishing the right of action.

Statutes giving an action for wrongfully causing death furnish an illustration of such extinguishment. In The Harrisburg,[85] the injury and death took place in Massachusetts and suit was brought in Pennsylvania. It was held that the statutes in both Massachusetts and Pennsylvania requiring that

[85] 119 U. S. 199.

action be brought within a year were not merely regulations of remedy but imposed a condition on the right to sue. Such statutes are usually called statutes of conditional limitation because they operate both as a limitation and as a condition subsequent, putting an end to the cause of action. In the case cited above the court said: "The statutes create a new legal liability with a right to sue for its enforcement provided the suit is brought within twelve months and not otherwise. The time within which the suit must be brought operates as a limitation on the liability itself as created, and not of the remedy alone. It is a condition attached to the right to sue at all. * * * Time has been made of the essence of the right, and the right is lost if the time is disregarded. The liability and the remedy are created by the same statute and limitations of the remedy are, therefore, to be treated as limitations of the right." The right of action being given solely by statute, the legislature may make any condition on the exercise of the right that it sees fit and may therefore provide that the right be extinguished if action is not brought within a certain period.

76. **Same subject—Rules of evidence.**—All matters relating to evidence are determined by the law of the forum; since a presumption is a substitute or excuse for evidence, questions as to presumption are included in the above statement. In Hoadley v. Northern Transportation Co.,[86] action was brought in Massachusetts against the defendant, a common carrier, for the destruction of an engine in Chicago.

[86] 115 Mass. 304, LEADING ILLUSTRATIVE CASES.

The plaintiff contended that by the law of Illinois, the mere receipt, without objection, of a bill of lading which limits the carrier's common law liability for loss by fire would not raise a presumption that its terms were assented to, but such assent, if relied on, must be shown by other and additional evidence, and that the Illinois rule should govern. The court held that the Massachusetts and not the Illinois law should apply, saying: "It is not always indeed easy to determine whether the rule of law sought to be applied touches the validity of the contract or only the remedy upon it. In the opinion of the court the rule of law laid down in Illinois and here relied on by the plaintiff affects the remedy only and ought not to control the courts of this commonwealth. The nature and validity of the special contract is the same in both states. It is only a difference in the mode of proof. A presumption of fact in one state is held legally sufficient to prove assent to the special contract relied on to support the defense. In the other state it is held not to be sufficient. It is as if proof of the contract depended upon the testimony of a witness competent in one place and incompetent in the other."

77. **Same subject—Other examples.**—The question whether a witness is competent or not; whether a partnership is to be sued in its firm name or in the name of all its partners;[87] whether the assignee of a chose in action shall sue in his own name or in that of the assignor;[88] the exemption of a debtor's

[87] Bullock v. Caird, L. R. 10 Q. B. 276 (Eng.).
[88] Roosa v. Crist, 17 Ill. 450.

property from execution;[89] whether the defendant is entitled to set off a claim of his own against that of the plaintiff,[90] are all matters of procedure and governed by the law of the forum.

On the other hand, as we have seen before, the measure of damages to which a plaintiff is entitled seems to be considered a part of the right and not merely a part of the remedy, and hence the law of the forum does not apply. In contract cases it should logically be governed by the law of the place of performance. In Peck v. Mayo,[91] the court said: "When the contract is entered into in one country, to be performed in another, having established a lower rate of interest than the former, and the contract stipulates interest generally, it has always been held that the rate of interest recoverable was that of the place of performance."

B. Personal Relations.

78. **Capacity—Slavery.**—The status of slavery having once been created by the state of the domicile of the parties, will be recognized everywhere; but if the slave is taken or escapes into another country, the right of the master to keep or to recapture the slave will depend upon the law of the country where he seeks such a remedy; if the latter country has no laws as to slavery, there will, of course, be no machinery for enforcement. As Chief Justice Shaw said in Commonwealth v. Aves,[92] "Slaves in such

[89] Mineral Point R. R. v. Barron, 83 Ill. 365.
[90] Gibbs v. Howard, 2 N. H. 296.
[91] 14 Vt. 33.
[92] 18 Pick. 193 (Mass.).

case become free, not so much because any alteration is made in their status or condition, as because there is no law which will warrant—but there are laws, if they choose to avail themselves of them, which prohibit—their forcible detention or forcible removal."

Just before the Civil War, slaves who escaped to Canada were safe from their former masters. Escape to a state in which slavery had been abolished was not enough because of the Fugitive Slave Law passed by Congress, giving the right to the master to pursue the slave into a free state and get him back.

The Thirteenth Amendment abolishing slavery would not apply to a slave brought here from some foreign country, to the extent of putting an end to the status. Unless the foreigner became domiciled here there would be no jurisdiction to bring the status to an end; and if the slave was willing to go back with the master to the country in which he had been enslaved, he would be in the same legal position as that in which he was before he came here.

79. **Incapacity inflicted as a penalty—Capacity to sue.**—In Commonwealth v. Green,[93] the defendant had been convicted of murder in the court below on the testimony of one Stoddard who testified for the prosecution. The defendant now claims that Stoddard was incompetent to testify because he (Stoddard) had been convicted of larceny in the state of New York, by which conviction he had been rendered infamous and incompetent to testify. The

[93] 17 Mass. 515, LEADING ILLUSTRATIVE CASES.

court held that this incapacity having been inflicted as a penalty on Stoddard did not exist outside of the state which imposed it, namely, New York. The court said: "It is a maxim of general law recognized by all nations, viz., that the penal laws of a country do not reach in their effects beyond the jurisdiction where they are established. * * * Infamy is, in truth, part of the punishment of the crime, although not expressed in the sentence; and it creates a disability to testify, just as excommunication in a spiritual court does to sue in the courts of common law. To hold a person incompetent on account of such a conviction is to give effect to the conviction and to enforce the punishment; and thus the penal laws of one country would reach into others, contrary to the principle above stated. * * * We have come to the opinion that there is no difference in the effect of a conviction, in regard to the competency of a witness between any state in this Union and any foreign state; and that in neither case is the witness to be excluded on account of such conviction."

In Wilson v. King,[94] it was held that a previous conviction and sentence of the plaintiff in Tennessee did not affect his right to sue and recover in Arkansas, even though by the Tennessee law the plaintiff was considered as civilly dead. Civil death, like other penalties, is not given any extra-territorial force.

It is generally held that all questions of capacity to sue are determined by the law of the forum.

[94] 59 Ark. 32.

80. **"Marriage valid where celebrated valid everywhere."**—In Sutton v. Warren,[95] the plaintiff had married his aunt in England and a year later had emigrated to Massachusetts. Some years thereafter the defendant executed a promissory note to the plaintiff's wife and the plaintiff now sues on it as her husband. The defendant contended that the plaintiff was not the proper person to sue because he was not legally the husband of the promisee. The marriage in England was not void but only voidable by a suit instituted for that purpose and no such suit had been brought; but such a marriage if celebrated in Massachusetts, would have been entirely void. The court held that the plaintiff was entitled to sue on the note as husband, saying: "In the present case, the marriage of these parties was not void by the laws of England though voidable in the spiritual court. It never was avoided, and though absolutely prohibited by our laws, yet not being within the exception, as against natural law, we do not feel warranted in saying that the parties are not husband and wife. The plaintiff, Samuel Sutton, sues on a promissory note given to the said Ann Sutton, and as her husband, he can maintain an action thereon, in his own name alone, there being no other cause of objection raised than the one stated in regard to the legality of their marriage."

By "against natural law" the court refers to such marriages as between brother and sister. Such marriages would probably be given no effect whatever in common law countries on grounds of public policy.

[95] 10 Metc. 451 (Mass.), LEADING ILLUSTRATIVE CASES.

81. **Marriage—Divorce from a polygamous marriage.**—In Hyde v. Hyde,[96] the plaintiff, who was a Mormon and had more than one wife, applied for a divorce from one of his wives. At that time the law of Utah, where the marriage was celebrated, allowed polygamy. The court held that the English law of divorce was adapted only to monogamous and not to polygamous marriages and hence they could give no relief; they had no legal machinery to deal with such marriages. The court said: "Now, it is obvious that the matrimonial law of this country is adapted to the Christian marriage, and it is wholly inapplicable to polygamy. * * * For it would be quite unjust and almost absurd to visit a man, who among a polygamous community, had married two women, with divorce from the first woman on the ground that in our view of marriage, his conduct amounted to adultery coupled with bigamy. Nor would it be much more just or wise to attempt to enforce upon him that he should treat those with whom he had contracted marriages, in the polygamous sense of that term, with the consideration and according to the status which Christian marriage confers." The court was careful to deny that it held a polygamous marriage invalid, saying: "In conformity with these views the court must reject the prayer of this petition, but I may take the occasion of here observing that this decision is confined to that object. This court does not profess to decide upon the rights of succession or legitimacy which it might be proper to accord to the issue of the polygamous union, nor upon

[96] L. R. 1 P. & M. 130 (Eng.).

the rights or obligations in relation to third persons which people living under the sanction of such unions may have created for themselves. All that is intended to be here decided is that as between each other they are not entitled to the remedies, the adjudication, or the relief of the matrimonial law of England."

82. **Legitimacy—Descent of English land.**—If an illegitimate child has been legitimated by the proper law, he is entitled to the rights of a legitimate child everywhere. But such a child has been held incompetent to inherit English land not because he is not recognized as a legitimate child, but because English land descends to the eldest son born in wedlock. In Birtwhistle v. Vardill,[97] the court said: "We hold it to be a rule or maxim of the law of England, with respect to the descent of land in England from father to son, that the son must be born after actual marriage between his father and mother; that this is a rule *juris positivi* (of positive law), as are all the laws which regulate the succession to real property, this particular rule having been framed for the direct purpose of excluding, in the descent of land in England, the application of the rule of the civil and canon law of land in England, by which the subsequent marriage between the father and mother was held to make a son born before marriage legitimate; and this rule of descent being a rule of positive law annexed to the land itself, cannot be allowed to be broken in upon or disturbed by the law of the country where the claimant was born, and which may

[97] 7 Clark & Finnelly 895 (Eng.).

be allowed to govern his personal status as to legitimacy, upon the supposed ground of the comity of nations."

83. **Same subject—Interpretation of the word "child" or "son."**—The doctrine of Birtwhistle v. Vardill applies only to English land, not to English personalty. In In re Andros,[98] A died domiciled in England, having bequeathed personal property to trustees on trust for "his great nephews, the sons of his deceased nephew, Thomas Godfrey Andros." T. G. Andros always lived in the island of Guernsey, the law of which provided for legitimation by subsequent marriage. The plaintiff was an illegitimate son of T. G. Andros, who married the plaintiff's mother after the plaintiff's birth. It was held that the plaintiff was entitled to share as a son of T. G. Andros, the court saying: "The law, as I understand it, is that a bequest of personalty in an English will to the children of a foreigner means to his legitimate children, and that by international law, as recognized in this country, those children are legitimate whose legitimacy is established by the law of the father's domicile. Thus *ante nati* (those born before marriage), whose father was domiciled in Guernsey at their birth, and subsequently married the mother so as to make the *ante nati* legitimate by the law of Guernsey, are recognized as legitimate by the law of this country, and can take under such a gift."

84. **Adoption.**—In Van Matre v. Sankey,[99] the defendant claimed that she was the heir of Samuel

[98] 24 Ch. Div. 637 (Eng.).
[99] 148 Ill. 536.

Sankey, having been adopted by the said Samuel Sankey in accordance with the law of Pennsylvania which was at that time his domicile. The law of Illinois also provided for adoption. The Illinois court held that the defendant was entitled to the same rights as if she had been adopted in Illinois. The court in discussing this point said: "It is insisted that the decree of adoption, although valid in the state of the domicile of the child, and, pro tempore (for the time being) of the person adopting her, cannot affect the descent of real property in Illinois. * * * It is a general principle that the status or condition of a person, the relation in which he stands to another person, and by which he is qualified or made capable to take certain rights in that other's property is fixed by the law of the domicile, and this status and capacity are to be recognized and upheld in every other state so far as they are not inconsistent with its own laws and policies. * * * No inconsistency with our laws or their policy exists in this case. The rights claimed under and by virtue of the adoption in Pennsylvania are those, and none other, that would exist upon the creation of the same artificial relation in this state. We are of opinion, therefore, that upon the death of Samuel Sankey without other children the estate in Illinois descended to the appellee, Caroline C. Sankey, as his child and heir at law."

85. **Guardianship.**—The old doctrine was that the guardian of the person of a child appointed at the domicile of the child is to be treated as being in the position of a parent and his right to the custody

of the child's person will be enforced everywhere.[1] But the strong tendency in recent years—especially in the United States—is to lay more emphasis on the interests of the child, and the so-called rights, even of the parent, have been much diminished. A foreign guardian or parent can of course claim no greater right to the custody of the child than that which would be granted to a guardian or parent of the state of the forum. In Woodworth v. Spring,[2] where the contest was between the Illinois domiciliary guardian and the guardian appointed later by the Probate Court in Massachusetts, the court said, "No doubt so long as the child continues within this jurisdiction the guardian appointed in the courts of this state would have the exclusive right to the custody of his person. But the decree of the Probate Court does not deprive this court of the power to adjudicate and determine the question of the proper custody of the child as between a domestic guardian and one appointed in the place of the domicile of the infant. The jurisdiction of this court to decide on habeas corpus or other proper process, concerning the care and custody of infants, is paramount, and cannot be taken away by any decree of an inferior tribunal. The result is that neither of the parties to the present proceeding can assert or maintain an absolute right to the permanent care and custody of the infant who is now before the court. But it is for this court to determine, in the exercise of a sound judicial discretion,

[1] Nugent v. Vetzera, L. R. 2 Eq. 704.
[2] 4 Allen 321 (Mass.).

having regard to the welfare and permanent good of the child, as a predominant consideration, to whose custody he shall be committed."

C. Property and Inheritance.

86. **Enforcement of property rights.**—In Waters v. Barton,[3] one David Barton took two slaves belonging to his father, Joshua Barton, from Tennessee to Texas with the consent of Joshua Barton. After arriving in Texas, he claimed the slaves as his own and held them for the statutory period of two years. By the law of Texas title passed at the end of two years. After David Barton's death the slaves were taken back to Tennessee, and David Barton's daughter sued for their recovery in a Tennessee court. The court held that the title acquired under the law of Texas should be enforced, and that the daughter of David Barton was not entitled to recover, saying: "Every sovereignty possesses the undoubted power to regulate the rights of property situate within its own jurisdiction. It may limit all rights of action to certain prescribed periods, and may ordain that, after the expiration of the periods thus prescribed, not only the right of action, but the claim or title, likewise, shall be extinguished. And if a positive title to property be then acquired and perfected by the local law of the place where situate at the time, upon what sound principle can it be maintained that such title can be affected or defeated by the removal of the property to another country by the possessor, or by its removal by another, without his consent?"

[3] 1 Coldwell 450 (Tenn.).

If David Barton had taken the slaves to Texas without the consent of his father, Texas, having control of the property, might still insist upon passing title at the end of two years; but it is at least doubtful whether Tennessee or any other state would give effect to a title thus acquired.

87. **The title of an administrator.**—An administrator, upon appointment, gets title to all the movables within the jurisdiction in which he is appointed.[4] Having title, he may sue to recover the movables not only in that state, but in other states, where the movables may have been taken after the death of the deceased. His title is said to relate back to the death of the deceased. Outside the state that appoints him he is treated as any other owner would be treated. In Currie v. Bircham,[5] one Newby, an English officer, died in India. His wife took out letters of administration of his effects in the Recorder's Court of Bombay; and, having collected some of his effects, realized the proceeds in government bills, drawn on England, and returned to this country, leaving a brother officer of her husband to collect the remainder of his effects, and remit the proceeds in like manner for her account after she quitted India. The plaintiff, one of Newby's creditors, took out letters of administration in England. One Moore, who had acted as Mrs. Newby's agent, in handling the money, died without paying over to her the sum of 170 pounds belonging to Newby's estate, and the

[4] In this and the following sections the word "administrator" is used to cover both administrator and executor, the rights and liabilities being identical, with some minor exceptions.

[5] 1 Dowling & Ryland 35 (Eng.).

plaintiff, the English administrator, now sues to recover this sum. The court said: "We are of opinion that this action will not lie at the suit of this plaintiff. The wife of the intestate is entitled to all the effects of which her husband died possessed in India, by virtue of the letters of administration granted to her in that country. It is not suggested that the sum of money in question was not a part of the proceeds of the intestate's effects. The effects are remitted to this country by her in the shape of bills, and they come to the hands of her agent Moore. He receives the money to her use, and in her own right as administratrix. If she has any claim upon the money, which it is alleged that Moore retained in his hands, she may maintain an action, but it will not lie at the suit of this plaintiff under the letters of administration which he has obtained."

An administrator gets no title to movables outside the state in which he is appointed.

88. **Suit by and against an administrator.**—The general rule is that an administrator cannot sue or be sued as such outside the state in which he is appointed. The rule is limited to claims in favor of and against the estate, and does not apply to claims on contracts which the administrator has himself made; on these he may sue and be sued anywhere. In Johnston v. Wallis,[6] the court said: "The defendants rely mainly upon the proposition that as foreign executors they could not sue or be sued in this state and acquire all their rights and owe their responsibilities to another jurisdiction. That is the

[6] 112 N. Y. 230, Leading Illustrative Cases.

general rule, but in this state at least it is confined to claims and liabilities resting wholly upon the representative character. In Lawrence v. Lawrence,[7] the rule was declared to be applicable only to suits brought upon debts due to the testator in his lifetime or based upon some transaction with him, and does not prevent a foreign executor from suing in our courts upon a contract made with him as such executor. Of course where he can sue upon such a contract he may be sued upon it. The remedy must run to each party or to neither. In the present case the action is not founded upon any transaction with the deceased but upon a contract which the defendants themselves made."

Nor does the rule apply to judgments which the administrator has recovered upon claims due the estate. The judgment is a new claim merging the old and belongs to the administrator personally. In Talmage v. Chapel,[8] the plaintiff as administrator of the estate of George Clinton in New York had recovered judgment against the defendants in a New York court on a claim due to the estate. The plaintiff, without ever having been appointed administrator in Massachusetts, brought suit in Massachusetts on the judgment. The court held that the plaintiff was entitled to recover, because the judgment was a new claim not belonging to the estate but belonging to the administrator personally, he being accountable for it, however, to the New York court which appointed him. The court said: "Here the action

[7] 3 Barb. Ch. 74 (N. Y.).
[8] 16 Mass. 11.

is on a judgment already recovered by the plaintiff, and it might have been brought by him in his own name, and not as administrator. For the debt was due to him, he being answerable for it to the estate of the intestate; and it ought to be considered as so brought, his style of administrator being merely descriptive, and not being essential to his right to recover. It is important for the purposes of justice that it should be so; for an administrator appointed here could not maintain an action on this judgment, not being privy to it. Nor could he maintain an action on the original contract; for the defendants might plead in bar the judgment recovered against them in New York. The debt sued for is in truth due to the plaintiff in his personal capacity. For he makes himself accountable for it by bringing his action; and he may well declare that the debt is due to himself."

But a judgment against an administrator as such on a claim against the decedent is not a personal claim against him and no suit can be brought on the judgment outside the state either against that administrator or against the administrator of the state in which suit was brought. There is no privity between the different administrators.

CHAPTER VII.

RECOGNITION AND ENFORCEMENT OF RIGHTS

(Continued).

A. Administration of Decedents' Estates.

89. **Principal and ancillary administrations.**—Where a decedent dies leaving personal property in several states, an administrator will normally be appointed in each state. The administrator appointed in the state of the domicile is usually called the principal administrator; the administrators appointed in other states or countries are called ancillary administrators. The administrator of the domicile is frequently appointed ancillary administrator in other states, but the two administrations are kept separate just as if the ancillary administrator were a different individual. In Stevens v. Gaylord,[9] the court said: "The right of granting administration is not confined to the state or country in which the deceased last dwelt. It is very common, and often necessary, that administration be taken out elsewhere. If a foreigner, or a citizen of any other of the United States, dies, leaving debts and effects in this state, these can never be collected by an administrator appointed in the place of his domicile; and we uniformly grant administration to some persons here for that purpose. * * * In such case, however,

[9] 11 Mass. 256.

the administration granted here is considered as merely ancillary to the principal administration, granted in the jurisdiction where the deceased dwelt. It is true that such ancillary administration is not usually granted until it is appointed in the place of the deceased's domicile. But this cannot be a necessary prerequisite; for, if so, and it should happen that an administration was never granted in the foreign state, the debts due here, under such circumstances, to a deceased person, could never be collected; and the debts due from him to citizens of this state might remain unpaid."

90. **Accountability of administrators.**—As pointed out in § 89, the administrations in each state are kept separate even if the same individual is acting as administrator in both or all the states. For assets which he has received in one state he is not accountable in another. In Fay v. Haven[10] one Haven had been appointed principal administrator in Louisiana and ancillary administrator in Massachusetts; suit was brought in Massachusetts on his bond given in Massachusetts, demanding an accounting for property which he had received as administrator in Louisiana. The court held that he was not to be held accountable therefor in a Massachusetts court, saying: "It seems to be highly reasonable and proper that the accountability of an administrator for all assets received under an appointment in one state should be exclusively under the laws and judicial decisions of the state conferring upon him the power and authority to act in its behalf; and that all ques-

[10] 3 Mete. 109 (Mass.).

tions as to the faithful or unfaithful discharge of his duties as such administrator should be limited to the same local jurisdiction. If it were not so, obviously, great confusion would arise, and conflicting decisions might be made, requiring inconsistent duties of the administrator. * * * Upon the whole matter, the court are of the opinion that the defendants are not liable on this bond to the judge of probate in this county for any assets received in the state of Louisiana."

91. **Collection of choses in action—Simple debts.** —A simple contract debt has no situs, but for purposes of administration it is treated as if it had a situs at the residence of the debtor to the extent that a payment to the administrator of that state is a good discharge; also, the existence of such a claim is sufficient ground for the appointment of an administrator there even though there is no tangible property within the state. And the place of residence of the debtor at the time of the death of the decedent is immaterial. In Pinney v. McGregory[11] the court said: "We prefer to rest the jurisdiction of the Probate Court upon the residence of the debtor to the intestate in this county at the time of the grant of the administration. * * * It is said, indeed, in the text-books of approved authority that the debtor must have resided there at the time of the intestate's death, though we do not find that this has been expressly adjudged. * * * To limit the power of granting administration to cases in which the goods are, or the debtor resides, in the common-

[11] 102 Mass. 186.

wealth at the time of the death of the intestate, would be to deny to the creditors and representatives of the deceased, whether citizens of this or of another state, all remedy whenever goods are brought into this state or a debtor takes up his residence here after the death of the intestate. The more liberal construction of the statute is necessary to prevent a failure of justice."

But the administrator of the estate where the debtor resides is not the only one who is entitled to collect. If the debtor pays any administrator, either involuntarily or voluntarily in good faith, such payment is a complete discharge. In Amsden v. Danielson[12] the court said: "The debt was assets in the state where the debtor resided. * * * Assuming this to be so, the question is whether the administrator may collect the debt in another state if he has the chance to do so. Upon this question we have no doubt. It is well settled that a bona fide voluntary payment to a foreign administrator is a good discharge of a debt; and, if this be so, an involuntary judgment, based upon an attachment of property, cannot be less valid."

92. **Collection of bills and notes.**—Where a debt is evidenced by a negotiable instrument, such as a negotiable promissory note or a bill of exchange, the debtor is entitled to the surrender of the instrument upon paying. Hence, only an administrator who has the instrument can collect it.[13] If the debtor lives in a state or country other than that of the adminis-

[12] 18 R. I. 787.

[13] McCord v. Thompson, 92 Ind. 565.

trator who has the bill or note, the simplest method of procedure is for the administrator to endorse the instrument in blank; this makes it payable to bearer; he may then sue upon the instrument anywhere, not as administrator, but as owner, being accountable, of course, to the court which appointed him.

A life insurance policy seems to be treated in much the same way. In Merrill v. The New England Mutual Life Ins. Co.[14] it was held that where a life insurance policy had been pledged in Massachusetts, the Massachusetts administrator was the proper person to collect on it, and not the principal administrator appointed in Illinois.

93. **The right of creditors to prove.**—Each state usually exercises its power to grant administration of the assets within its borders in order to protect its own citizens who may be creditors. Unless forbidden by the constitution, a state might insist on its own citizens being paid first to the exclusion of creditors residing elsewhere. But the general rule is that the creditor who has a claim against the decedent's estate may prove it in every state which grants administration. He is, of course, not likely to do this unless the estate is insolvent; and, of course, in any event he is entitled to only one satisfaction. In Goodall v. Marshall[15] the court said: "For these reasons we are of opinion that where a person, domiciled in another government, dies, leaving property in this state, and an ancillary adminis-

[14] 103 Mass. 245.
[15] 11 N. H. 88.

tration is taken here, and the estate represented here is insolvent, all the creditors of the deceased are entitled to prove their claims against the estate here and to have it appropriated in satisfaction of their demands."

But in order to help bring about equality between the creditors, a creditor who has already received part payment in another state or country ought not to be allowed to share until other creditors who have received nothing shall get payment on their claims to the same extent.

Although the surplus or balance after the debts are paid is distributed according to the domicile of the decedent, questions of priorities of creditors and other questions relative to the payment of debts are governed by the law of the forum, just as in the case of collecting and paying the debts of a living person.[16]

But if a creditor has already acquired a priority over movables which are later transferred into another state for purposes of administration, he may follow the property and claim the priority, just as he may claim any other vested right, and it ought to be enforced.[17]

94. **Distribution.**—After the debts have been paid by the ancillary administrator to the local creditors and such other creditors who have chosen to prove there, and it is affirmatively shown that all creditors everywhere have been paid, the court of the ancillary administration may, in its discretion, either dis-

[16] Pardo v. Bingham, L. R., 6 Eq. Cas. 485 (Eng.).
[17] Hanson v. Walker, 7 L. J. Ch (o. s.) 135 (Eng.).

tribute the surplus itself or order the ancillary administrator to transfer it to the principal administrator for distribution;[18] in either case the rule of distribution followed is that of the law of the domicile of the decedent. But if the debts are not all paid, the court has no such discretion; the law is that the surplus must be transferred to the principal administrator for the purpose of paying the rest of the debts; until the debts are all paid, there is nothing to distribute.

After the ancillary administrator has complied with the order of court directing him to transmit the balance to the principal administrator, he is relieved of any responsibility for this surplus; and if he is sued by a distributee, he may plead this in defense. If the ancillary administrator happens to be also principal administrator, the same principles apply, payment to the principal administrator being made by charging himself as principal administrator with the receipt of this balance so as to make himself accountable for it to the court of principal administration. In Emery v. Batchelder[19] the court said: "The defendants have not in their hands any funds as executors appointed in this state. They have transmitted the balance of the estate which was in their hands as such executors to themselves as executors in Maine, and this has been allowed and approved by the Probate Court of Suffolk County. Our statutes provide that, where ancillary administration is taken out in this state, upon the settlement

[18] Harvey v. Richards, 1 Mason 381 (U. S. C. C.).

[19] 132 Mass. 452, LEADING ILLUSTRATIVE CASES.

of the estate, after the payment of the debts for which it is liable in this state, the residue of the personal estate may be distributed according to the will, 'or, in the discretion of the court, it may be transmitted to the executor or administrator, if there is any, in the state or country where the deceased had his domicile, to be disposed of according to the laws thereof.' * * * The principle is the same where the executors in the two states are the same persons. They act in each state in a different capacity, and are in law regarded as different persons. When the defendants, acting as executors in Massachusetts, transmitted the estate in their hands as such executors to themselves, acting as executors in Maine, they had performed all their duties in Massachusetts and were no longer accountable as executors here. They thereby placed the whole of the estate of the testator within the jurisdiction and control of the courts of Maine, and are accountable for it there."

B. Estates in the Hands of Receivers.

95. **Appointment of a receiver.**—Jurisdiction to appoint a receiver for property depends upon jurisdiction over the property. If the individual partnership or corporation for whom a receiver is appointed has property in several states, the usual procedure is to have a receiver appointed in each state. The receiver appointed at the domicile is called the principal receiver; the others are called ancillary receivers. The appointment of an ancillary receiver will not be made if there are no creditors residing in the

jurisdiction, because it would only add to the expense.[20]

If the principal receiver asks to be appointed in the other jurisdictions where there are assets and creditors, he will usually be appointed. But, whether he or someone else is appointed, the assets are separately administered in each state.

96. **Power of a receiver to sue in a foreign jurisdiction.**—If, as in Ward v. Conn. Pipe Mfg. Co.,[21] an assignment is made to the receiver, his rights are the same as that of any other assignee; hence, as to choses in action, assigned to him, he may sue anywhere; whether he sues in his own name or in the name of the assignor will depend upon the law of the forum.

Where no assignment is made to the receiver, the general rule is that, having no title, he cannot sue outside the state in which he is appointed receiver. But Hurd v. City of Elizabeth[22] shows a sensible modification. In that case Hurd, who had been appointed receiver in New York, brought suit in a New Jersey court to collect assets due to the estate; it was held that, since there were no rights of New Jersey creditors infringed in any way, the suit should be allowed, the court saying: "That the officer of a foreign court should not be permitted, as against the claims of creditors resident here, to remove from the state the assets of the debtor, is a proposition that appears to be asserted by all the

[20] Mabon v. Ongley Electric Co., 156 N. Y. 196.
[21] 71 Conn. 345.
[22] 41 N. J. L. 1.

decisions; but that, similarly, he should not be permitted to remove such assets when creditors are not so interested, is quite a different affair, and it may, perhaps, be safely said that this latter doctrine has no direct authority in its favor. * * * When there are no persons interested but the litigants in a foreign jurisdiction, and it becomes expedient, in the progress of such suit, that the property of one of them, wherever it may be situated, should be brought in and subjected to such proceeding, I can think of no objection against allowing such a power to be exercised."

Another modification of the general rule is illustrated in Chicago, etc., Railway v. Keokuk, etc., Packet Co.,[23] in which it was held that where the Missouri receiver had taken possession of a barge in Missouri and had sent the barge on a trip up the Mississippi River and return, the receiver was entitled to sue in an Illinois court to get back the barge from Illinois creditors who had attached it. The court said: "The general doctrine that the powers of a receiver are co-extensive only with the jurisdiction of the court making the appointment, and particularly that a foreign receiver should not be permitted, as against the claims of creditors resident in another state, to remove from such state the assets of the debtor, it being the policy of every government to retain in its own hands the property of the debtor until all domestic claims against it have been satisfied, we fully concede; and, were this the case of property situated in this state, never having been

[23] 108 Ill. 317.

within the jurisdiction of the court that appointed the receiver, and never having been in the possession of the receiver, it would be covered by the above principles, which would be decisive against the claims of the appellee (plaintiff). But the facts that the property at the time of the appointment of the receiver was within the jurisdiction of the court making the appointment, and was there taken into the actual possession of the receiver, and continued in his possession until it was attached, take the case, as we conceive, out of the range of the foregoing principles. We are of opinion that by the receiver's taking posssession of the barge in question within the jurisdiction of the court that appointed him, he became vested with a special property in the barge, like that which a sheriff acquires by the seizure of goods in execution, and that he was entitled to protect this special property while it continued, by action, in like manner as if he had been the absolute owner."

97. **Suits against a receiver.**—Generally, a receiver cannot be sued as such outside the state in which he has been appointed; nor can he be sued there without leave of court; to attempt to sue him without leave is punishable as contempt, the receiver being an officer of the court. But if the receiver is engaged in the business of a common carrier, he is liable as such, in any jurisdiction. In Paige v. Smith[24] the defendant had been appointed receiver in Vermont of the Vermont Central Railroad; the plaintiff sued the defendant in Massachusetts for the

[24] 99 Mass. 395.

loss of 55 bales of hay which the defendant as common carrier undertook to transport. The court held that action lay, saying: "The Supreme Court of Vermont, in an action against these defendants, held that, 'if in fact they were common carriers over a line of railroad, it could be no defense to an action at law for a breach of duty or obligation arising out of business entrusted to them in that relation, that they were running and managing the line of railroad as receivers under the appointment of the court of chancery.' * * * It is impossible for the court of this commonwealth to accord to these defendants any exemption from the ordinary common law liabilities of common carriers, more extensive than they are allowed in the state in which they were appointed receivers, and in which the accident occurred. Under these circumstances, the ordinary rule for which the defendants contend, that receivers are amenable solely to the court by which they are appointed, is inapplicable."

C. Judgments.

98. **Requisites of a judgment.**—In order that a judgment be recognized and enforced outside the state in which it was rendered, it must comply with the following requirements:

1. There must be a tribunal distinct from the parties; if one of the parties also acts as judge, it is not a judgment; as it is usually expressed, one cannot be a judge in his own case.

2. There must be a complaining party to set the machinery in motion.

3. The proceeding must be a deliberate one offering an opportunity to the adverse party to be heard.

4. The judgment must be responsive to the issues. For example, if the plaintiff sues on a breach of contract to build a house, a judgment that the plaintiff recover Blackacre from the defendant would not be responsive to the issues. If the defendant defaults, the judgment must be responsive to the complaint or declaration which the plaintiff has filed; but if the defendant appears and litigates, and other issues duly arise in the court of the proceedings, the judgment must be responsive to these issues.

If any of the above requisites is lacking, the judgment is not entitled to enforcement abroad. In Sawyer v. The Maine Fire and Marine Ins. Co.[25] the court held that the judgment was defective because it did not appear that there was any opportunity for the defendant to be heard. The court said: "For aught that appears from the copy of the proceedings before us, the forfeiture was decreed by a mere arbitrary power without any trial; and some of the forms of justice used in civilized countries have been assumed without any regard to the substantial requisites of a judicial inquiry."

99. **Execution of a judgment—Suit on a foreign judgment.**—In common law countries a judgment can be executed only in the state or country in which the judgment has been rendered. If it is wished to be enforced in a foreign jurisdiction, action must be brought on it and a new judgment obtained in the latter jurisdiction. In such a case there is no exam-

[25] 12 Mass. 291.

ination into the merits of the original suit; the judgment is accepted as final. But only such judgments or decrees as call for the payment of money can be sued on; for other judgments or decrees—for example, a decree that the defendant convey a piece of land to the plaintiff—there is no method of enforcing in any other court except that which renders the judgment.

A judgment or decree for the payment of money is frequently sued on in the same state or country in which it has been rendered. This is done usually so as to avoid the running of the Statute of Limitations; the new judgment is a new cause of action and the Statute of Limitations begins to run afresh.

In civil law countries there is no such thing as a suit on a judgment, either domestic or foreign. After an examination into the merits is made it is declared executory and execution issues without a new judgment being rendered. In some countries, either by treaty or by statute, the judgment is declared executory without any examination into the merits. This procedure is in many respects preferable to our own. In Hilton v. Guyot[26] the United States Supreme Court held that, since no execution of a judgment in an American court could be obtained in France without an examination into the merits of the original cause of action, a judgment obtained in France should not be accepted as final in a suit brought on the French judgment in this country, because of the "want of reciprocity." The decision is open to the objection that questions of private in-

[26] 159 U. S. 113.

ternational law or conflict of laws, being concerned with the enforcement of private rights, ought not to depend upon reciprocity; that is a matter for the political, not the judicial, department.

100. **A judgment as res judicata.**—Not only in the state in which judgment is rendered, but everywhere, all issues of record between parties to the litigation become binding upon the parties and their privies as to all future proceedings. This is usually expressed by saying that the judgment is res judicata. The basis of it is the desirability of having an end to litigation after a fair opportunity to be heard. In Burnley v. Stevenson[27] A brought an action of ejectment against B in Ohio to recover the possession of some Ohio land; B set up in defense a decree of a Kentucky court, rendered in favor of B against A, that A convey to B the premises in controversy. The Ohio court held that, although the decree of the Kentucky court could not in any way affect the title to the Ohio land, yet that the decree was a good defense, because it was a judgment on the merits, with jurisdiction of the parties. The court said: "The Constitution of the United States declares that full faith and credit shall be given in each state to the records and judicial proceedings of every other state, and provides that Congress may prescribe the mode of proving such records and procedure, and the effect thereof. By an Act of May 26, 1790, Congress declared that the 'records and judicial proceedings of the state courts,' when properly authenticated, 'shall have the same faith and credit given to them in every

[27] 24 Ohio St. 474.

court within the United States as they have by law or usage in the courts of the state from whence they are or shall be taken.' When, therefore, a decree rendered by a court of a sister state, having jurisdiction of the parties and the subject-matter, is offered as evidence, or pleaded as the foundation of a right, in any action in the courts of this state, it is entitled to the same force and effect which it had in the state where it was pronounced. * * * True, the courts of this state cannot enforce the performance of that decree by compelling the conveyance through its process of attachment; but when pleaded in our courts as a cause of action, or as a ground of defense, it must be regarded as conclusive of all the rights and equities which were adjudicated and settled therein, unless it be impeached for fraud."

101. **Jurisdictional facts not res judicata—Fraud.** —In order that a judgment be valid the court which renders it must have jurisdiction of the person—if the judgment is personal—or of the property, if the judgment is in rem (against the property), or of the domicile in case of divorce. If it does not have such jurisdiction the judgment is invalid and does not operate as res judicata. And an express finding by the court that it does have jurisdiction will be of no avail. This is frequently expressed by saying that a judgment may always be attacked, even collaterally, for want of jurisdiction over the person or property or domicile.

For example, divorces granted in North Dakota or Nevada on a six months' residence have been refused recognition in other states on the ground that there

is no real domicile in the state granting the divorce and a finding by the North Dakota or Nevada court that there is such a domicile is not conclusive.[28] The recent case of Haddock v. Haddock[29] is to be carefully distinguished from these. In that case H and W married in New York; the wife continued to reside there, but H immediately afterward removed to Connecticut, where he secured a divorce. Some years later W, in New York, sued H for separate maintenance; H pleaded the Connecticut decree in defense. The court, by a vote of 5 to 4, held that since H had wrongfully left New York and acquired a Connecticut domicile, there being no cause for divorce, and W was not served with process and did not appear in the Connecticut proceedings, the New York court was not bound to give full faith and credit to the Connecticut decree, though the decree might be valid in Connecticut. The decision has been criticised because it makes jurisdiction for divorce depend not merely upon domicile, but also upon the question whether there was really any ground for divorce.

If a judgment has been obtained by fraud and an action is brought on such a judgment in another state or country, the proper remedy of the defendant is to get an injunction against the action, or, in code states, whatever corresponds to such a proceeding.[30]

In Abercrombie v. Abercrombie[31] the defendant was sued in a Kansas court on a judgment for ali

[28] Kempson v. Kempson, 58 N. J. E. 94.
[29] 201 U. S. 562.
[30] Pearce v. Olney, 20 Conn. 544.
[31] 64 Kans. 29.

mony given by a Colorado court. The defense of the defendant was that he had been induced to submit to the jurisdiction of the Colorado court by the fraudulent representations of the plaintiff that it was merely for the determination of the question as to the custody of their children. The Kansas court held this a good defense, saying: "The jurisdiction of the Colorado court over the defendant having been obtained fraudulently by the plaintiff, it would be an anomaly in the law for this court to assist her in reaping the fruits of her fraudulent conduct. It has long been a rule of this court that where jurisdiction of a defendant has been obtained by fraud or wrong, he may appear in the action, showing such fraud, and the court will always grant relief. * * * The fact that the judgment sued on in this case is the judgment of a sister state can make no difference. It is only when jurisdiction is admitted that full faith and credit should be given to the judgments of a sister state. That the judgment of a sister state may be attacked collaterally on the ground that jurisdiction was obtained fraudulently is supported by many authorities."

BIBLIOGRAPHY.

There are four treatises on the subject worth mentioning: *Dicey's* Conflict of Laws is an English book, citing only English cases and for this reason is rather unsatisfactory for the American student. Of the American books *Story's* Conflict of Laws is the classic, but it is now quite old. *Wharton's* Conflict of Laws is the best reservoir of authority. *Minor's* Conflict of Laws is a shorter book than the others, and is, on the whole, the best adapted to the student.

QUIZ QUESTIONS

CONFLICT OF LAWS

(The numbers refer to the numbered sections in the text.)

1. With what two questions is the subject of Conflict of Laws chiefly concerned?
2. In what sense is the word "conflict" principally used?
3. Can questions of conflict of laws arise between Illinois and Colorado?
4. A of Michigan goes on a business trip into Canada; can he insist that Michigan law apply to his transactions in Canada, on the ground that he is a citizen of Michigan?
5. Suppose that the United States should acquire an uninhabited island and it should be thrown open to settlement; what would be the law of the island?
6. Assume that an island were inhabited at the time the United States acquired it, and had Mexican law; how would the law be changed?
7. What is the difference in the meaning of the term "law" in the following phrases: "the law of New Hampshire"; "the American law"?

8-9. A, resident in Illinois, while on a short business trip from Chicago into Wisconsin, is served with process by a Wisconsin court; does the Wisconsin court thereby get personal jurisdiction?

10. What is meant by domicile of origin? Is your own domicile one of origin or one of choice?
11. How may a domicile be changed? Have you changed your own domicile recently?
12. A was born and reared in Massachusetts; at the age of 25 he moved to Iowa, where he lived for a few years. He then decided to go farther west to Washington, so he sold everything he had in Iowa and started for Washington;

on his way he was accidentally killed in Montana. In what state was he domiciled at the time of his death?

13. X is quite successful in business in New York, where he has always resided, so he buys a house in New Hampshire where he spends half of each year, spending the rest of the year in New York. Where is he domiciled?
14. How may the domicile of a minor child be changed?
15. May a wife ever have a domicile apart from her husband? May one who is of full legal capacity ever delegate any one else to change his domicile for him?
16. You have a claim against X for a grocery bill; you want to get a personal judgment against him, but he is on a tour through Europe. How will you proceed?
17. A gets a judgment against M in New York by fraud and then removes out of the jurisdiction; does this deprive M of the right to take a writ of error to the New York Court of Appeals?
18. What is the difference between a country having jurisdiction and exercising it?
19. A brings replevin against B for a horse, and wins; does this determine that A is better entitled to the horse than anyone else in the world?

20-21. A, living in St. Louis, has a claim against X, who lives in Denver; X has some property in St. Louis, more than enough to pay this claim. How may A proceed to get his claim paid? Suppose in the above case X has a claim against Y, who also lives in St. Louis; how may A proceed to reach this claim?

22. A, living in Indiana, owns some cattle in Ohio; should these cattle be taxable in Ohio or Indiana? Suppose both states taxed them; would both taxes be valid?
23. Taxing day in Minnesota, we will suppose, is May 1; A, having lived in Minnesota for several years, removes from the state on May 5, and asks to be relieved of paying his taxes; is he entitled to relief?
24. A, living in Boston, employs X of St. Louis to invest his money for him; X does so by lending it to various persons in Illinois, taking their promissory notes and keeping them in St. Louis. May Massachusetts tax A on this money? Missouri? Illinois?

25. H and W have always lived in New York; H wishes to get a divorce on the ground of incompatibility, and W is willing for him to get the divorce; without removing from New York, H brings suit in a Colorado court in which, we will suppose, incompatibility is recognized as a ground for divorce; W appears and consents to the jurisdiction; is the divorce valid?
26. H treats W so cruelly that she goes back to her parents' home in Kentucky, while H remains in Maryland, where they have always lived. May W get a divorce in a Kentucky court? Would such a divorce free only W or would it free H also?
27-28. M, a married woman living in Massachusetts, makes a contract in Maine; by the law of Massachusetts she is incapable of entering into such a contract; by the law of Maine she is capable. Is the contract valid?
29. By what law is capacity to marry determined?
30. Is a Turkish marriage considered a valid marriage in this country? An Indian marriage?
31-32. W secures a divorce from H in New Jersey; by the terms of the decree H cannot marry again for a year. H, in order to avoid this provision, goes into Delaware and does remarry within the year. How far is such a marriage valid?
33. A marriage ceremony is performed on the high seas on board an ocean liner registered at Boston. Under what circumstances, if at all, is such a marriage valid?
34-35. M of Alabama gives birth to an illegitimate child by X of Louisiana; later X marries M; suppose that by Louisiana law a later marriage legitimates the children, while in Alabama no such result follows. Is the child legitimated?
36. What is the important classification of property in conflict of laws?
37-38. A and B have always lived in Arkansas. A wishes to transfer some land in Virginia to B. Must the deed comply with the Virginia law or the Arkansas law?
39. A took a mortgage on X's piano in Pennsylvania; A complied with the Pennsylvania law as to registry of mortgages; X then removes the piano, with A's consent, into Ohio; must A have the mortgage registered there also?

40. A of Missouri has a claim against X of Kansas; he transfers the claim to B of Nebraska, and the transfer takes place in Iowa. By what law is the validity of the assignment to be determined?

41. A buys land in Ohio with money furnished by X; by Ohio law this creates a resulting trust in favor of X; later A sells the land and invests the money in Michigan, where the doctrine of resulting trusts is not recognized. What are X's rights?

42-43. A induces X by fraud to convey to A some land in California; X sues A in an Indiana court and asks to have a constructive trust declared of the California land. Suppose that a California court in such a case would not declare a constructive trust; may the Indiana court make such a decree?

44. In continental countries in Europe, how are the rights of the spouses in each other's property determined?

45-46. What is the rule as to marital property in this country?

47-50. A dies domiciled in Ohio, having land and movables in Kansas and movables in Ohio. He left no will. What law determines who is entitled to the property? Suppose that A left a will; what law determines whether the will is valid?

51. A makes a will of movables while domiciled in West Virginia; he later removes to Kentucky, where he marries; still later he removes to Missouri, where he dies without ever making a new will. By what law will it be determined whether the marriage revoked the will?

52-53. A makes a will while domiciled in North Carolina, leaving certain of his movables to his "next of kin." He later removes to Texas and dies there. All his relatives live in Kentucky. What law or usage will determine who are his "next of kin"?

54. What law determines whether a tort action arises?

55-56. A is run over and killed by X. R. R. in Connecticut; may A's administrators sue the X. R. R. in Massachusetts for wrongfully causing death?

57. A makes application for a life insurance policy in Boston; the agent, X, sends the application to the home office in New York; the policy is issued and forwarded to X, who

delivers it to A in Boston. Is the policy a New York or Massachusetts contract?

58-59. P of Missouri authorized his agent to make a contract with R in Michigan; instead, the agent made a similar contract with S; when P heard of this, he ratified the agent's act. In what state does the law consider that the contract was made?

60. A of Ohio sends an offer to X of Illinois and asks him to telegraph his reply; X telegraphs his acceptance. Where is the contract made?

61-62. In Indiana there is a statute requiring all contracts for the sale of goods, wares, and merchandise of the amount of $50 to be evidenced by a memorandum. Does this apply to all contracts made in Indiana or to all actions brought in the Indiana courts on such contracts, wherever made?

63. A makes a loan to B in Ohio, to be repaid in New York, at 8 per cent interest; let us suppose that in New York such a rate is held usurious; in Ohio it is not. Is it a usurious contract?

64. What objection is there to the doctrine that "that law should govern a contract which the parties intended to govern"?

65-66. A made a contract with B in Indiana to furnish him with capital to carry on business in Connecticut, A to get a share in the profits. B carried on the business in Connecticut. By what law will it be determined whether this makes A a partner of B?

67-68. A made a contract with B in Utah to be performed in Nevada. The day of performance came on Sunday. By what law will it be determined whether A must perform on Saturday or Monday?

69-70. A contract is made in state X to be performed in state Y; suit is brought in state Z for breach of contract; the defendant contends that he has been discharged from further performance by the failure of the plaintiff to perform his part. What law will determine whether this is a valid discharge?

71. What is the general doctrine as to the enforcement of rights?

72. Does a citizen of Massachusetts have the right to sue in a New York court? A citizen of England?
73. A trespasses on B's land in Vermont and then removes to Maine. May B sue A in a Maine court for the trespass committed in Vermont?
74. A of Ohio sues X in Massachusetts on a debt contracted in Ohio and payable there; A wishes to have X arrested for debt. What law will determine this?
75. What is meant by a statute of conditional limitation? Illustrate.
76-77. A brings an action in an Iowa court on a cause of action that arose in Nebraska; by what law are questions of evidence to be governed?
78. Suppose an Arab sheik should come on a tour through this country, bringing slaves with him; would they become free by coming on American soil? Explain.
79. A is convicted of perjury in Iowa and as a part of the punishment he is deprived of the right to vote for ten years. He later removes to Missouri; will this incapacity in Iowa prevent his voting in Missouri?
80-82. How far will a marriage between uncle and niece be recognized and enforced in your state? Between first cousins? Between brother and sister?
83. A died domiciled in New York, having bequeathed all his personal property "to his grandchildren, the children of his son Charles." Charles had always lived in France. He had four children born in wedlock and one who, by the French law, was legitimated by his marriage. Is this child entitled to a share in the property?
84. X is duly adopted by A, who lives in Georgia. A dies, leaving land in Alabama and Mississippi. Let us suppose that Alabama provides for the adoption of children, but Mississippi does not. What are X's rights?
85. What is the modern doctrine as to the rights of a foreign guardian to the custody of his ward?
86. A, with B's consent, takes B's property from Oklahoma to New Mexico; A then claims it as his own and by New Mexico law acquires title in three years. Does he lose this title by taking the property back to Oklahoma?

87. When an administrator is appointed, to what does he get title? In what instances may he bring suit outside the jurisdiction that appoints him?
88. In what instances may an administrator be sued outside the jurisdiction that appoints him?
89. What is an ancillary administrator? Why is he appointed?
90. To what court is an administrator accountable? For what property?
91. What administrator can collect simple debts?
92. What administrator can collect negotiable instruments?
93. A dies domiciled in Massachusetts, owning personal property in Massachusetts, Rhode Island, and Connecticut; in each of these states an administrator is appointed. C, a creditor, wishes to prove his claim in all three; is he entitled?
94. Under what circumstances may the court of ancillary administration order the ancillary administrator to distribute the surplus?
95. What court is the proper one to appoint a receiver?
96. In what two classes of cases may a foreign receiver sue?
97. When may a foreign receiver be sued?
98. What are the four requisites of a valid judgment?
99-100. A gets a judgment against X in an Ohio court for $500 and a decree that X convey a piece of land in Ohio to A; X removes to Indiana; in what way may A use the Ohio judgment and decree in Indiana?
101. H files a suit for divorce in a Nevada court and the Nevada court expressly finds that H is domiciled in Nevada. Does this settle conclusively that the Nevada court does have jurisdiction?

PART VII

INTERSTATE COMMERCE

BY

DUDLEY ODELL McGOVNEY, A.B., A.M. LL.B.*

CHAPTER I.

WHAT IS INTERSTATE COMMERCE.

1. **The commerce clause.**—The Constitution of the United States provides in Article I, § 8, that "The Congress shall have power * * * to regulate commerce with foreign nations, among the several states, and with the Indian tribes." This is the so-called "commerce clause." The expression "interstate commerce" is a short equivalent of the constitutional phrase "commerce among the several states," so that in current language, Congress has power to regulate interstate commerce. The discussion will deal only with this portion of the commerce clause.

No equally brief passage in our Constitution bestows more power upon Congress, or more intimately affects the life of the American people, who to so great an extent are a commercial people. A great

* Former Professor of Law, University of California School of Law; former Dean and Professor of Law, University of Iowa Law School; former Professor of Law, Tulane University Law School; former Instructor in Law, University of Illinois. Author: "Civil Government in the Philippines." Contributor to legal and other journals.

deal of the important legislation of Congress has been passed under the authority of this clause, and owing to the growing complexity of the business of the country, this legislation has greatly increased in the last few years and promises to continue an important, perhaps the most important, topic of legislation in the future.

The task here is to analyze this clause in the light of judicial decisions, and to find out, as fully as space will permit, the scope of the authority vested in Congress by this brief provision. (1) What is commerce, within the meaning of the clause? (2) What transactions of our commerce are "interstate"? (3) What is the meaning of "regulate"? (4) This clause merely says, "Congress shall have power to regulate"; it does not say that Congress shall have the sole power or the exclusive power to regulate. May not the states also regulate interstate commerce to some extent? Such powers as are not expressly or impliedly granted to the central government, nor expressly or impliedly denied the states, are vested in the states.

It should not be concluded offhand that two independent authorities cannot both regulate. The owner of a steamer might give power to the engineer to regulate the speed, and to the captain the power to lay out and direct her course. Both, then, have power to regulate the ship. Or the owner may make a different arrangement, empowering the engineer to regulate the engine and the speed so long as the captain issues no orders, but authorizing the captain, if he chooses, to override the orders of the engineer,

or to take away his power altogether. In that case both still have the power to regulate, and the captain does not have exclusive power in the sense of sole power, but only in the sense of superior power.

2. **What is commerce.**—In the first great case on this subject, Gibbons v. Ogden,[1] the question arose as to the validity of a grant from the State of New York to Robert Fulton, and his successors, of the exclusive right to run steamboats on the waters of New York State. Two rival vessels began to run between New York City and Elizabethtown, New Jersey, thus running in part through New York waters. The successors to Fulton applied for an injunction to restrain them. The courts of New York held that the use of the waters within the geographical limits of their state concerned only the internal affairs of the state, or the internal commerce of the state, and that the state had exclusive control of their use.

The Supreme Court of the United States held, Marshall delivering the opinion, that "commerce" includes navigation. In reply to the argument that "commerce" means only "traffic," that is, "buying and selling, or the interchange of commodities," Marshall said, "Commerce, undoubtedly, is traffic, but it is something more,—it is intercourse. It describes the commercial intercourse between nations, and parts of nations, in all its branches. * * *" The case involved all the other points of difficulty above mentioned. The court in holding that commerce includes navigation had further to hold

[1] 9 Wheat. 1 (U. S.), Leading Illustrative Cases.

that the navigation in question was interstate navigation, because the commerce clause only authorizes Congress to regulate foreign and interstate commerce, and commerce with the Indian tribes. Of course, there was no question of foreign commerce in the case, or of commerce with the Indian tribes. The court held that a vessel on a voyage from a port of another state to a New York port, was engaged in interstate navigation, even in that portion of her journey that lay over waters within the New York boundary; that interstate navigation was not limited to the act of crossing the imaginary midstream line that separated the two states. "If the trading intercourse be between two states remote from each other, must it not commence in one, terminate in another, and probably pass through a third?" It was, of course, admitted that the wholly internal commerce of a state was subject exclusively to state regulation.

While Marshall used some language in his opinion which implies that he really believed Congress had exclusive power, in the sense of sole power, to regulate interstate navigation, and interstate commerce in general, it was not necessary to decide this point, for there was already an act of Congress to license ships for the coast-wise trade, that is, from port to port in the United States; the rival vessels had such license; and the court held that a license under this act was a grant of a privilege to make such voyages. The New York exclusive grant to Fulton was in conflict with this act, and hence the New York statute was void so far as vessels making interstate voyages

were concerned. It was sufficient to hold that the power of Congress was exclusive in the sense of being superior to the state power.

The court considered the licensing act of Congress valid, hence it must have thought that the power to regulate included the power to grant the privilege of doing, that is, engaging in interstate commerce.

It was further held that the carriage of passengers is as much commerce, within the meaning of the Constitution, as is the carriage of goods.

3. **Scope of commerce.**—On the broad lines of this decision it has since been held that intercourse, by exchange of intelligence, by telegraph,[2] and by telephone,[3] and the transportation of goods and passengers by railroad, and of goods by express companies, are all commerce.

"The powers thus granted are not confined to the instrumentalities of commerce, or the postal service, known or in use when the Constitution was adopted, but they keep pace with the progress of the country, and adapt themselves to the new developments of time and circumstances. They extend from the horse with its rider to the stage-coach, from the sailing vessel to the steamboat, from the coach and the steamboat to the railroad, and from the railroad to the telegraph, as these new agencies are successively brought into use to meet the demands of increasing population and wealth."[4] The evolution goes on to

[2] Pensacola Tel. Co. v. Western Union Tel. Co., 96 U. S. 1, LEADING ILLUSTRATIVE CASES.

[3] Richmond v. Southern Bell Tel. Co., 174 U. S. 761.

[4] Pensacola Tel. Co. v. Western Union Tel. Co., 96 U. S. 1, 9, LEADING ILLUSTRATIVE CASES.

shipping oil and gas by pipe lines,[5] to wireless communication[6] and to the airship.

4. **Social intercourse.**—The mere passage of a person from one state to another may be interstate commerce, though this is uncertain; it has been held that transporting persons over an interstate bridge[7] or an interstate ferry[8] is interstate commerce. It would seem to be immaterial whether the traveler's object is business or mere social intercourse. No question has been raised as to a passenger's object in traveling on a train, afoot across a bridge; or whether a telephone or telegraph message is business or social. Of course it may be justly said that in these instances there is a ferry or a bridge, a telephone or a telegraph line, all instrumentalities engaged in transportation, and that from the standpoint of the instrumentality, it is engaged in interstate transportation regardless of the mission of the transported person or the character of the transmitted message. From the standpoint of the person carried, or the sender of the message, he may or may not be engaged in interstate commerce according as his object is either business or social, but perhaps there is transportation when a man goes on his own legs from one state to another, as well as when he rides a horse, in a carriage, or on a train. It may be said he is transporting his person as well as the pack of goods that may be on his back.

[5] West v. Kansas Natural Gas Co., 221 U. S. 229.

[6] See § 1 of the Interstate Commerce Act.

[7] Covington, etc., Bridge Co. v. Kentucky, 154 U. S. 204, LEADING ILLUSTRATIVE CASES.

[8] N. Y. Cent. R. R. v. Hudson County, 227 U. S. 248.

5. **When is commerce "interstate"?**—It is perfectly clear that the transportation of property, persons or intelligence, from a point in one state to a point in another state is an interstate commerce transaction. So transportation from a point in one state to another point in the same state, if a large fraction of the route is through another state, is treated for some purposes as interstate commerce.[9]

But the mere act of transit or transportation is not all. A right to be free from state hindrance in the shipment of goods from state to state would be of little value if the sale of the goods after arrival was subject to state control. So a right to solicit orders for goods to be shipped in, in fulfillment of the orders, is a necessary part of the interstate sale of commodities.[10] Such directly essential factors are also interstate commerce. "Importation into one state from another is the indispensable element, the test of interstate commerce; and every negotiation, contract, trade, and dealing between citizens of different states, which contemplates and causes such importation, whether it be of goods, persons, or information, is a transaction of interstate commerce."[11]

So the issuance of a bill of lading on an interstate shipment is so usual a factor in shipping goods that to permit a state to tax interstate bills of lading

[9] Hanley v. Kansas City Southern Ry., 187 U. S. 617. Compare Ewing v. City of Leavenworth, 226 U. S. 464.

[10] Robbins v. Shelby Taxing District, 120 U. S. 489; Crenshaw v. Arkansas, 227 U. S. 389, LEADING ILLUSTRATIVE CASES.

[11] Judge Sanborn in Butler Bros. Shoe Co. v. U. S. Rubber Co., 156 Fed. 1, 17, quoted with approval in International Textbook Co. v. Pigg, 217 U. S. 91, 107, LEADING ILLUSTRATIVE CASES.

would in effect allow it to control the transportation of the goods.[12]

When the whole transaction begins and ends in a single state, it is an entirely intrastate, or internal, matter and not interstate, and in general Congress has no power to regulate it. Thus the act of carrying goods from Cincinnati to Cleveland is commerce wholly within the State of Ohio. But if goods be shipped from Cincinnati to Buffalo, via Cleveland, then the transaction is wholly interstate from the moment the transportation begins at Cincinnati, and while it is passing through Ohio to Cleveland, on the first leg of the journey, up to the moment it is delivered in Buffalo.

Hence, while to be interstate commerce the transaction must involve the crossing of a boundary line, the interstate character of it is not limited to the moment of transit. When a package is sent by express from New York to New Orleans under a contract for delivery at the house of the consignee, the express wagon driving through the streets of New Orleans with the package is engaged in interstate commerce,[13] and so is a telegraph messenger boy while delivering an interstate message.

One object of the framers of the Constitution was to make the United States one nation as to commercial affairs, and for this purpose to abolish state lines. Not only was it their intention to give a man residing in one state the privilege of carrying on business operations in other states, but also to give

[12] Almy v. California, 24 How. 169 (U. S.).
[13] Barrett v. City of N. Y., 189 Fed. 268.

him a right of free migration from state to state. It has been said that no state has a right to bar any person from entering its territory, except perhaps in case of paupers, fugitives from justice, and persons suffering from contagious diseases.

What rights has a citizen of one state after he has gotten into another state? The Constitution provides that a citizen of one state is entitled in another state to all the privileges and immunities of a citizen of the latter state, and, aided by the equal protection clause of the Constitution, a citizen of one state can go freely into another and engage in any business that is lawful there for a citizen of that state to engage in. If, however, a citizen of New Jersey, while retaining his residence in New Jersey, opens up a local retail store in New York, he is not engaged in interstate business, so far as his local sales are concerned, but only in transporting himself or being transported back and forth from New Jersey, or in ordering goods from outside the state or shipping them there.

The test, then, as to an interstate transaction, is not whether it takes place between inhabitants of different states, but whether the transaction involves transportation of property, persons or intelligence from one state to another, or is a necessary incident to accomplishing the transit or transportation, or to making it fruitful.

So if A owns a stock of goods in Illinois, and while in Ohio makes a contract to sell the goods to B, who lives in Ohio, this is not a transaction of interstate commerce; but if A contracts to sell and ship the

goods to B, it would be; at least so far as the performance of the contract is concerned.

6. **Insurance.**—The Supreme Court has held that insurance contracts, fire,[14] life,[15] or marine,[16] made between an insurance company of one state and an insurer in another, are not transactions of interstate commerce. Why is not a contract between a New York insurance company and a man in Iowa, to insure the latter's life or house, a transaction of interstate commerce? The answer seems to be that the contract of insurance only makes the company in New York a debtor. The entire operation of the contract is in New York. The contract does not necessarily contemplate the transportation or transit of anything from New York to Iowa. The insured is free to collect his money in New York, and stay there with it. True, the insured may collect in Iowa, but that is due to the general principle that a debt may be sued upon wherever a court gets jurisdiction over the debtor.

7. **Production.**—Clearly the manufacture of goods, even though the goods are intended to be shipped to other states, is not interstate commerce;[17] it is not commerce at all. Manufacturing, mining, fishing, farming, in short production, must precede commerce, but they are not commerce.

8. **Corporations.**—While, as has been seen, a citizen of a state has a right to go into another state and engage in any business that is lawful for the

[14] Paul v. Virginia, 8 Wall. 168 (U. S.).
[15] N. Y. Life Ins. Co. v. Cravens, 178 U. S. 389.
[16] Hooper v. California, 155 U. S. 648.
[17] Kidd v. Pearson, 128 U. S. 1, LEADING ILLUSTRATIVE CASES.

citizens there to engage in, by Article IV, § 2, this clause of the Constitution does not apply to corporations. In general, a corporation formed in one state has no right to do business in another except upon such terms as that state may see fit to prescribe.[18]

To this rule there is an important exception, viz., that a state cannot exclude from doing business within it a corporation engaged in interstate commerce, nor put any burdens upon it because of its "foreign" character.[19] Many important cases have involved this point.

Some of the important results of these principles are that insurance corporations are entirely subject to state regulations, and an insurance company doing business throughout the United States has as many masters as there are states. A conspiracy among manufacturers or other producers to raise prices, though some are in one state and some in others, cannot be reached by Congress; for example, the Sherman Anti-Trust Law is not applicable to them,[20] and could not constitutionally be made applicable.

[18] Paul v. Virginia, 8 Wall. 168 (U. S.).

[19] Cooper Mfg. Co. v. Ferguson, 113 U. S. 727; International Textbook Co. v. Pigg, 217 U. S. 91, LEADING ILLUSTRATIVE CASES; West v. Kansas Natural Gas Co., 221 U. S. 229.

[20] U. S. v. E. C. Knight Co., 156 U. S. 1.

CHAPTER II.

WHERE THE POWER TO REGULATE RESIDES.

9. **Has Congress sole or superior power?**—Is the power of Congress sole or merely superior? In the cases decided before 1851 by the Supreme Court, there was an apparent conflict, some seeming to hold that the power to regulate interstate commerce was exclusively vested in Congress, by virtue of the commerce clause; and some holding that Congress did not have exclusive power, but that the states might concurrently regulate it. In the case of Cooley v. The Port Wardens[21] most of those earlier decisions were reconciled by pointing out that interstate commerce should not be regarded as a single subject of legislation, but as covering many subjects or phases; that as to some of these phases of interstate commerce, Congress had exclusive power to regulate in the sense of the sole power; while as to other phases, Congress had exclusive power only in the sense of superior power, and that as to the latter phases, the states might regulate them until Congress saw fit to do so.

10. **Phases of commerce.**—Mention may be made of some of the numerous phases into which the whole subject breaks up when analyzed: the mere right to bring or send a thing into one state from another,

[21] 12 How. 299 (U. S.), Leading Illustrative Cases.

the right to sell from one state to another, the building of interstate bridges, quarantining ships, harbor rules for pilots, safety appliances on interstate trains, rates to be charged by carriers of goods and carriers of passengers.

The rule was laid down that each phase was to be examined by itself and if it appeared (Class I) that this particular phase was national in its nature and admitted of only one uniform regulation for the whole country, then Congress alone could pass laws to regulate it; the states could not regulate such a phase even if Congress did not, for, it was said, the silence of Congress is to be construed as showing that Congress intends that phase to be free and untrammeled, that is, not subject to any burdensome regulation at all.

On the other hand (Class II), if the particular phase is local in its nature, then the state may regulate it, until Congress sees fit to regulate that phase. If a state is the first to regulate such a phase of interstate commerce, the regulation is valid until Congress passes a regulating statute, whereupon the state statute, being superseded, becomes invalid, on account of the superior power of Congress.

11. **Rules as to control of national and local phases.**—It is sometimes said merely that Congress has exclusive power as to Class I, and that the states have concurrent power with Congress as to Class II. This language is misleading. Sometimes it is said that in Class I it is the mere existence of the power in Congress, and not its exercise, that excludes the states, while in Class II it is the exercise of the

power by Congress, and not its mere existence, that excludes the states.

The truth is, as shall be seen from the discussion of later cases, the grant of power to Congress does not absolutely exclude the states from regulating to some extent either national or local phases. These propositions may be taken as settled: (1) Congress by legislation may completely regulate either sort of phase and entirely exclude the states. (2) The lack of legislation by Congress as to a national phase leaves the states free to make regulations that are not unduly burdensome or unduly restrictive. (3) The lack of legislation by Congress as to a local phase leaves the states entirely free to regulate it in any manner. The real difference is as to the extent of the power of the states during the silence of Congress.

12. **Examples of local phases.**—The regulation of harbor pilots engaged in interstate and foreign commerce is within the control of the various states, so long as Congress does not exercise its power to regulate, for, on account of the different conditions between one harbor and another, local regulation is appropriate, and in its nature this phase of commerce does not call for uniform regulation.[22] So quarantine regulations, such as those of Louisiana, for stopping vessels, in foreign and interstate commerce, on the river below New Orleans for inspection and quarantine, to prevent the introduction of contagious diseases.[23] So the improvement of navigable waters

[22] Cooley v. The Port Wardens, 12 How. 299 (U. S.), LEADING ILLUSTRATIVE CASES.

[23] Morgan's, etc., S. S. Co. v. Louisiana, 118 U. S. 455.

within a state, though used by interstate vessels, and the building of bridges[24] over them, though such structures might interfere with navigation; and so as to regulating wharves,[25] and ferries, that is, intrastate ferries, though used by interstate passengers. As to a ferry crossing waters lying between two states, a recent decision has cast some doubt upon the character of its business.[26] The question in the case was whether a state could regulate the fares charged passengers by the ferry. The court held that it could not in this instance, because this ferry was operated in connection with a railroad, and Congress had already legislated with reference to a ferry so operated. The court declined to say whether or not the state might have done so if Congress had not, or whether the states may regulate fares on interstate ferries not connected with a railroad. It seemed, however, to have been settled by an earlier case that so much of the business of an interstate ferry as consists in the interstate transportation of persons and property is a national phase of commerce.[27]

Traffic over a wagon bridge which crosses a navigable stream flowing between two states is a national phase of interstate commerce, and neither state can regulate the tolls to be charged.[28] But doubtless it would be held that a bridge, both terminals of which were within the same state, would, as to such traffic

[24] Escanaba Co. v. Chicago, 107 U. S. 678.

[25] Ouachita Packet Co. v. Aiken, 121 U. S. 444.

[26] N. Y. Central R. R. v. Hudson County, 227 U. S. 248.

[27] Gloucester Ferry Co. v. Penn., 114 U. S. 196.

[28] Covington, etc., Bridge Co. v. Kentucky, 154 U. S. 204, LEADING ILLUSTRATIVE CASES.

over it as is interstate, be employed in a local phase of interstate commerce.

13. **Examples of national phases.**—It is apparent that the phases just enumerated have more or less the character of local aids to or local facilities of interstate commerce. Everything that bears directly upon the transit or transportation of property, persons or intelligence from state to state falls within Class I and the states may not directly or burdensomely regulate such phases or pass any laws that will check or hinder, even though Congress has passed no law on the subject. One of the leading cases is Robbins v. Shelby Taxing District.[29]

The State of Tennessee passed a statute requiring all "drummers" to take out a license, for which $10 a week or $25 a month was to be paid, for the privilege of soliciting orders within the taxing district in which Memphis was located. Robbins, a "drummer" for a Cincinnati wholesale house, went to Memphis to solicit orders and, refusing to take out a license, he was arrested, convicted, and fined for violation of the statute. On writ of error to the Supreme Court of the United States, that court held the Tennessee statute unconstitutional. The court said that the sale of commodities from state to state was a national phase of commerce, and, hence, no state could "levy a tax or impose any other restriction upon the citizens or inhabitants of other states, for selling or seeking to sell their goods in such state before they are introduced therein. * * * It is strongly urged, as if it were a material point to the

[29] 120 U. S. 489.

case, that no discrimination is made between domestic and foreign drummers,—those of Tennessee and those of other states; that all are taxed alike. But that does not meet the difficulty. Interstate commerce cannot be taxed at all, even though the same amount of tax should be laid on domestic commerce."

However, a local city ordinance of Louisiana forbidding solicitors or peddlers from going on private residences, without consent of the occupiers, has been held not to contravene the commerce clause of the constitution.

14. Same subject—Interstate transportation.—In the case of the State Freight Tax the court held[31] that a state could not tax the act of transporting or carrying interstate goods into or through the state, for example so much per ton. Such a tax would easily be shifted to the shipper in the form of increased rates and hence the tax was on the goods for the privilege of coming in, going out, or going through the state. It was a regulation of interstate carriage, said the court; this is a national phase, and the state has no power over it. The statute was invalid, even though by its terms it did not discriminate between the carriage of goods from and to other states and carriage solely between points in the state. "Nor is a rule prescribed for carriage of goods through, out of, or into a state any the less a regulation of transportation because the same rule may be applied to carriage which is wholly internal."

[31] 15 Wall. 232 (U. S.). See subject, TAXATION.

15. **Same subject—Rate regulation.**—The regulation of the rates to be charged for carriage of goods and passengers is one of the most direct modes of regulating transportation. And it was held,[32] before Congress had passed any act to regulate interstate rates, that a state could not pass such a statute, even for that portion of an interstate journey that lay within or through the state. It was argued that a passenger getting on an interstate train at some point in Illinois bound for some point in Indiana was subject to the law of Illinois until he crossed the state line, and that the railroad company while operating in Illinois was so subject; and it is in most respects; but so far as the transportation of persons or goods out of, into and through the state is concerned, persons or companies in Illinois engaged in such transportation are, in the main, subject to the laws of Congress and not to those of the state. Hence by statute Illinois could not fix the rate to be charged an interstate passenger, even from a point in the state up to the state line, for that is a portion of the interstate journey. The result is that a state can regulate rates of carriage of passengers and freight only when the goods or passengers are bound both from and to points wholly within the state, and do not have to pass the boundary line to reach their destination. Shortly after the decision just referred to, Congress passed the Interstate Commerce Act, creating the Interstate Commerce Commission, with power to supervise interstate rates.

[32] Wabash, etc., Ry. Co. v. Illinois, 118 U. S. 557. See Covington, etc., Bridge Co. v. Kentucky, 154 U. S. 204, LEADING ILLUSTRATIVE CASES.

CHAPTER III.

SAME SUBJECT: POWER OF THE STATES.

16. **State regulation of interstate commerce.**—It will be noted that it is stated above that a state may regulate a local phase of interstate commerce, so long as Congress does not do so in a manner with which the state law would conflict. Subject to that condition a state may directly and completely regulate a local phase of commerce. On the other hand, it is not stated above that as to national phases of commerce the states have no concurrent power whatever; on the contrary it is only said that they cannot regulate such a phase by imposing burdensome restrictions. Burdensome restrictions cannot be imposed by a state upon such a national phase of commerce even though that phase is entirely unregulated by Congress.

That a state has some power to regulate even national phases of commerce is perfectly apparent. When it is said that a particular phase of that sort is unregulated by Congress it does not mean that it is not regulated at all.

The language of some of the earlier cases was too broad. The Supreme Court sometimes ruled that the silence or inaction of Congress as to a national phase of commerce "is equivalent to a declaration that [that phase of] interstate commerce shall be free and

untrammeled,"[33] or "that it should be absolutely free."[34]

17. **Same subject—Rate regulation.**—Now Congress legislated very little, prior to 1887, on interstate commerce. Before the Interstate Commerce Act of that year there was, for example, no national law regulating or supervising the fixing of rates to be charged by railways for the carriage of goods. Could a carrier charge whatever rate he pleased on an interstate shipment? Was he entirely unregulated as to charges for interstate transportation? There was certainly no national statute and there was no national common or unwritten law on the subject. While it is an open question whether the United States does not have some unwritten public law, it is conceded that there is no unwritten private law of the United States, that is, law regulating the relations of individuals and private companies to each other, and although railroads are public-service companies the law governing them is a branch of private law; they are private companies treated merely for some purposes as if they were public servants. It has even been held that there is no common law of crimes against the United States, and no inhabitant of a state can be convicted of a crime against the United States unless a statute of the United States has made the act charged a crime.

While therefore there was no national law, written or unwritten, controlling the rates which a carrier

[33] Welton v. Missouri, 91 U. S. 275, 282; Hall v. De Cuir, 95 U. S. 485, 590.

[34] Brennan v. Titusville, 153 U. S. 289, 302.

might charge for interstate carriage, such carriers were subject to the common law of the various states. State law controlled or regulated them.

It has been a rule of the common law of each of our states from the earliest times that public carriers, including railways, of goods and passengers can charge only a reasonable rate. This rule of law of a state regulated this national phase of commerce.[35]

It is to be noted, however, that the rule prescribed merely a reasonable rate, the reasonableness to be determined by the facts in each case. It was not a burdensome regulation, therefore; and since the same rule existed in all the states the railroads were not embarrassed by having to conform to different regulations in different parts of its line.

When the states attempted to abandon this common law regulation and resorted to fixing exact rates by statute or to establishing commissions to fix or supervise the fixing of rates, the Supreme Court held[36] that as to interstate commerce these new laws were invalid, because they unduly burdened interstate commerce. The burden consisted in the lack of uniformity necessarily resulting from these new laws. However reasonable the new regulation of each state might be considered in itself, it was apparent that the rates prescribed by one state might differ from those prescribed in another, and a through carrier's business would be very much embarrassed.

The reason is not because the former laws were

[35] Western Union Telegraph Co. v. Call Pub. Co., 181 U. S. 92.
[36] Wabash, etc., Ry. Co. v. Illinois, 118 U. S. 557.

unwritten or common law and the new were statutes, but because the former were not and the latter were unduly burdensome.

18. **No distinction between state common law and statutes.**—It was at one time thought that the Supreme Court was distinguishing between the common and statute law of a state. In Hall v. De Cuir,[37] Chief Justice Waite said: "This power of regulation [by Congress] may be exercised without legislation as well as with it. By refraining from action, Congress, in effect, adopts as its own regulations those which the common law or the civil law, where that prevails [as in Louisiana], has provided for the government of such business." This view has been exploded. If a state law, whether written or unwritten, unduly burdens interstate commerce in one of its national phases it is invalid; if not, it is valid, unless it conflicts with a statute of Congress.

In one case it was contended that a law of Arkansas, which the court held was an undue burden on interstate commerce, was valid because, though found in an Arkansas statute, the Supreme Court of Arkansas had held that this had always been the rule of the common law of Arkansas, and the statute was merely declaratory of the common law rule. The Supreme Court of the United States held that the Arkansas law was invalid, nevertheless.[38]

In another case, in answer to the argument that a regulation by state common law would be valid even though burdensome to interstate commerce, the Su-

[37] 95 U. S. 485, 490.

[38] St. Louis S. W. Ry. v. Arkansas, 217 U. S. 136.

preme Court said: "We cannot concede such effect to the common law and deny it to a statute. Both are rules of conduct proceeding from the supreme power of the state. That one is unwritten and the other written can make no difference in their validity or effect. The common law did not become a part of the laws of the states of its own vigor. It has been adopted by constitutional provision, by statute or decision, and, we may say in passing, is not the same in all particulars in all the states. But however adopted, it expresses the policy of the state for the time being only and is subject to change by the power that adopted it. How then can it have an efficacy that the statute changing it does not possess?"[39]

Ordinarily, however, a rule of state common law regulating national phases of interstate commerce, as many of them do, would be held not to do so burdensomely, because for more than a century these are the rules to which commerce has adjusted itself.

19. **A common law regulation held valid.**—An example of a state unwritten law that was held valid is found in Chiles v. Chesapeake & Ohio Railway.[40] A colored passenger riding on a through ticket from Washington, D. C., to Lexington, Ky., was required by the railway company, when he changed trains at Ashland, Ky., to go into a car set apart exclusively for colored people. The colored man complained that his rights as an interstate passenger had been violated. There was a statute of Kentucky requiring all railroads to provide separate accommodations for

[39] Western Union Tel. Co. v. Milling Co., 218 U. S. 406, 416, 417.
[40] 218 U. S. 71.

white and colored passengers, but the railroad company contended that it had not acted under this statute but had adopted the regulation under its common law right to make reasonable regulations for the conduct of its business. The Supreme Court of the United States took this view, declined to pass upon the validity of the state statute and held that the common law rule allowing railroads to make reasonable regulations was not a burdensome regulation of interstate commerce. The court held further that the regulation in question was a reasonable one for the company to make.

It may be said that this particular rule of the common law makes for freedom of commerce in that it permits the persons or companies carrying it on a certain freedom in the conduct of their business, but the rule has two sides, for it prohibits regulations that are unreasonable.

20. **Statute requiring separate accommodation of races.**—Whether a state statute like that of Kentucky would be valid is a question upon which the courts seem to be still divided. If a statute merely authorized a railway company to make such a regulation, leaving the company free to do so, it would be valid, for it would be the same as the common law rule, which we have just seen was held not unduly burdensome, and enacting it into a statute would make no difference. The Kentucky statute not merely authorized, but required the company to make such a regulation. Suppose a company should refuse, that would raise the question of the validity of the statute. It is clear that without overruling the case

just discussed, the Supreme Court might hold such a mandatory statute unduly burdensome.

In Hall v. De Cuir[41] the Supreme Court held that a statute of Louisiana requiring interstate carriers to permit negroes and whites to intermingle freely among each other in all parts of their trains or boats was invalid. It seems difficult to hold that a state law requiring intermingling is invalid and to hold that a state law requiring separation would be valid, for the mischief is the same in both cases, viz., the carrier's right to regulate the matter is taken away.

21. **Statutes held burdensome and unburdensome.** —Examples of state laws held invalid because unduly burdening a national phase of interstate commerce have already been given. The distinctions may be further illustrated. A state law requiring locomotive engineers to qualify by examination including a test for color blindness is valid though including engineers on interstate trains.[42] A state law regulating the heating of passenger cars and requiring guard posts on bridges is valid.[43] So a state law was held valid which required every road in the state to stop three of its passenger trains each way daily at every town of over three thousand inhabitants.[44] A municipal ordinance restricting the speed of trains within the city to six miles an hour is valid even as to interstate trains.[45]

On the other hand it has been held that a state can

41 95 U. S. 485.
42 Smith v. Alabama, 124 U. S. 465.
43 N. Y., N. H. & H. R. R. Co. v. New York, 165 U. S. 628.
44 Lake Shore R. R. Co. v. Ohio, 173 U. S. 285.
45 Erb v. Morasch, 177 U. S. 584.

not require interstate passenger trains to stop at every county seat when adequate train service has already been provided for local traffic.[46] So in holding that a state might prescribe the rules which interstate trains should observe in approaching dangerous crossings, the Supreme Court added: "On the other hand, highway crossings may be so numerous and so near together that to require interstate trains to slacken speed indiscriminately at all such crossings would be practically destructive of the successful operation of such passenger trains. Statutes which require the speed of such trains to be checked at all crossings so situated might * * * be * * * a direct burden upon interstate commerce, and therefore beyond the power of the state to enact."[47]

22. **State and interstate phases of a business.**—A man sets up a furniture factory and the bulk of his sales is outside the state, or, let it be assumed, that he intends to sell no furniture in the state. As to his manufacturing furniture he is subject to state control only. As to lighting and ventilation of his building and other sanitary rules the state alone may prescribe; as to safety appliances in his mill, as to rules of liability to his employees for injuries received in the mill, the state alone may prescribe. In the manufacturing he is engaged solely in intrastate business, so in buying timber within the state, and shipping it to his mill. So, when the furniture is finished, packed for shipment and stored in his

[46] C., C., C. & St. L. R. R. Co. v. Illinois, 177 U. S. 514.
[47] Southern Ry. Co. v. King, 217 U. S. 524, 533, 534.

warehouse. But when he turns it over to a carrier for shipment outside of the state the furniture becomes articles of interstate commerce. Also, as noted above, while corresponding with prospective buyers in other states he is engaged in interstate commerce and so are his salesmen while soliciting orders in other states.

A manufacturer may be indirectly controlled in his manufacturing by acts of Congress, however. Congress may say that you may not ship your goods to other states unless you label them thus and so, or pack them in a specified manner, or make them sanitary, or in accordance with the Pure Food Law.

Congress can go no further, however, than to prescribe regulations for interstate or foreign shipment. For example, if the state has no pure food statute a manufacturer may adulterate as much as he pleases as to such of his products as he sells within the state. Congress cannot say you shall not manufacture in any state any food alleged to be injurious; it can only say you shall not ship to other states such a product.

That is a good illustration of the dual system of our American government, that is, the division of powers between the state and national governments according to subjects, both operating over the same persons and territory. A man engaged in a single business is subject to regulations by the state government in some aspects of the business and by the national government in other aspects of the same business.

CHAPTER IV.

WHEN INTERSTATE CHARACTER BEGINS AND ENDS.

23. **Commerce clause as a restriction on states' power over property.**—Articles of property within a state are in general wholly subject to the laws of the state. They may be taxed, their sale may be prohibited or regulated, and in some cases the mere possession of them, for example, of toy powder-pistols, may be prohibited, or the consumption, for example, of alcohol as a beverage may be prohibited, such legislation always being subject to constitutional limitations like the "due process of law" and "equal protection of the laws" clauses. These limitations are discussed elsewhere in this work.

In addition to these there is the important limitation that the ordinary powers of a state over articles of property within its boundaries are very restricted as to articles of interstate commerce. This is presenting the subject of this article in a different light. Such limitation of the state's power results from the grant to Congress of power over interstate commerce. When an article has been produced within a state it becomes a part of that great mass of property over which the state has general jurisdiction. When it becomes an article of interstate commerce, it becomes subject either to the sole or superior power of Congress. The point of

time when this change takes place has often been discussed with reference to the state's power to tax.

24. **Coe v. Errol.**[48]—In this leading case it was held that an article passed out of the ordinary mass of taxable property in the state and became an article of interstate commerce when its transportation to another state began or it had been turned over to a carrier for such transportation. In all the preliminary movements of production, collection and assembling for transportation or for delivery to the carrier who starts it on its interstate journey, it remains a part of the ordinary mass of state property and is subject to ordinary or usual taxation. From the moment it starts on its final journey to a point out of the state, or is turned over to a carrier for that purpose, it ceases to be subject to state taxation and remains exempt during its transportation out of the state, and while passing into or through another state. The court also said that even during the preliminary or preparatory stages it could not be subjected to a discriminatory tax on account of its being destined to shipment out of the state. This last remark from Coe v. Errol is clearly sound and is but a corollary of the following proposition.

25. **State exclusiveness forbidden.**—No state has a right to prohibit the sale or shipment of its products to other states. Oklahoma undertook by statute to prevent the piping of natural gas out of the state. She claimed that this statute was enacted to conserve her natural resources. The United States Supreme Court pointed out that the object of the statute was

[48] 116 U. S. 517, LEADING ILLUSTRATIVE CASES.

not to prevent waste, and politely indicated the selfish nature of the measure. Justice McKenna made use of the following illuminating words:

"Gas, when reduced to possession, is a commodity; it belongs to the owner of the land, and, when reduced to possession, is his individual property subject to sale by him, and may be a subject of intrastate commerce and interstate commerce. The statute of Oklahoma recognizes it to be a subject of intrastate commerce, but seeks to prohibit it from being the subject of interstate commerce, and this is the purpose of its conservation. In other words, the purpose of its conservation is in a sense commercial—the business welfare of the state, as coal might be, or timber. Both of those products may be limited in amount, and the same consideration of the public welfare which would confine gas to the use of the inhabitants of a state would confine them to the inhabitants of a state. If the states have such power a singular situation might result. Pennsylvania might keep its coal, the Northwest its timber, the mining states their minerals. And why may not the products of the field be brought within the principle? * * * To what consequences does such power tend? If one state has it, all states have it; embargo may be retaliated by embargo, and commerce will be halted at state lines. And yet we have said that 'in matters of foreign and interstate commerce there are no state lines.' In such commerce, instead of the states, a new power appears and a new welfare, a welfare that transcends that of any state. But rather let us say it is constituted of the welfare

of all of the states, and that of each state is made the greater by a division of its resources, natural and created, with every other state, and those of every other state with it. This was the purpose as it was the result of the interstate commerce clause of the Constitution of the United States."[49]

26. **Loss of interstate commerce character—Ordinary taxation.**—Articles in course of interstate transportation may not be taxed at all by a state through which they are passing, or in which they have temporarily come to rest in the course of a through transportation to another state. That is, such goods cannot be assessed as a part of the property of their owner in that state.

Once the interstate transportation has begun, the property is an "article" of interstate commerce until it comes to rest at its final destination. Where coal was taken in flat-boats from Pennsylvania to New Orleans to be sold there it was held that upon its arrival, while lying in the river in the flat-boats in which it had been carried, it was subject to ordinary property taxation. It had reached its final destination.[50] And this was true even though it was expected that the buyer would load it from the flat-boats into ships for exportation. If the owner had originally started the coal for a foreign port by way of New Orleans and it had been lying there merely awaiting its loading on another vessel, the case would have been different. Thus in Coe v. Errol[51] it was said, that logs started floating down

[49] West v. Kansas Nat. Gas Co., 221 U. S. 229, 255.

[50] Brown v. Houston, 114 U. S. 622. See subject, TAXATION.

[51] 116 U. S. 517, LEADING ILLUSTRATIVE CASES.

a river to another state should be considered as still in course of interstate transportation while lying over on account of low water. So if cattle en route are taken off the cars to be fed as a necessary incident to the continuance of their interstate journey they are still articles of interstate commerce.

On the other hand, if property is brought to rest in a state short of its final destination for some purpose not incidental to its further transportation, its journey is broken and it is taxable there. So it has been held as to oil shipped into a state and temporarily stored in tanks to facilitate its distribution to points in other states,[52] and as to grain and coal temporarily stored in a state for some business purpose or advantage of the owner, not purely incidental to its further transportation.[53]

27. **State or interstate rates applicable.**—Nice questions as to whether a journey or transportation has been broken have arisen in determining whether an intrastate rate or charge for carriage is applicable to one portion of the journey and an interstate rate to the other portion, or whether the interstate rate is applicable throughout.

The Hardin Grain Company of Kansas City, Missouri, entered into a contract to sell and deliver to Saylor & Burnett at Goldthwaite, Texas, a carload of corn. The grain company in order to fulfill this contract bought, through another firm, a carload of corn to be shipped from Kansas City, Missouri. From

[52] General Oil Co. v. Crain, 209 U. S. 211.

[53] Bacon v. Illinois, 227 U. S. 504; Susquehanna Coal Co. v. South Amboy, 228 U. S. 665.

that place the corn was billed to Texarkana, Texas, to be delivered there to the grain company. The grain company had figured out the rates and knew that they could save about 1½ cents a bushel on the freight, if it were delivered to them at Texarkana and sent on by them to Goldthwaite at the state rate, instead of being sent through from Kansas City to Goldthwaite, on the interstate rate.

The corn was carried from Kansas City to Texarkana by the X railroad and its connections. When it reached Texarkana an agent of the grain company directed the X railroad to deliver it to the Z railroad, by which and its connections it was carried on to Goldthwaite. The X railroad merely transferred the car to the Z company's tracks; the original seals on the car were not broken.

The Supreme Court held,[54] under these circumstances, that while, of course, the shipment from Kansas City to Texarkana was an interstate shipment, the shipment from Texarkana to Goldthwaite was an intrastate shipment subject to the Texas state rate. The contract with the X railroad called only for delivery in Texarkana, and the grain company had made a second contract with the Z railroad to carry the corn on from there, and it was immaterial that they had intended to do this from the start. It was not a case of through shipment from Kansas City to Goldthwaite. It is to be noted that while the grain company had intended to ship this very carload of corn on to Saylor & Burnett at Goldthwaite, they were not bound by their contract with the latter to

[54] Gulf, Colorado & Santa Fe Ry. Co. v. Texas, 204 U. S. 403.

do so, but might have substituted any other carload, one made up in Texarkana, for example. The court said:

"When the Hardin company accepted the corn at Texarkana the transportation contracted for ended. The carrier was under no obligations to carry further. It transferred the corn, in obedience to the demands of the owner, to the Texas and Pacific Railway Company, to be delivered by it, under its contract with such owner. Whatever obligations may rest upon the carrier at the terminus of its transportation to deliver to some further carrier, in obedience to the instructions of the owner, it is acting not as a carrier, but simply as a forwarder. No new arrangement having been made [at that time] for transportation, the corn was delivered to the Hardin company at Texarkana [that is, delivered to a person, the Z railway, designated by the grain company]. Whatever may have been the thought or purpose of the Hardin company in respect to the further disposition of the corn was a matter immaterial so far as the completed transportation was concerned."

28. **Same subject—Rule stated.**—In a later case the facts were that a shipper delivered three carloads of tank staves to a railroad, at Leesville, Louisiana, to be transported to B or his order in New Orleans. The rate established by the State Railroad Commission was ten cents per hundred pounds; while the rate filed with the Interstate Commerce Commission was fifteen cents per hundred. Notice of the arrival of the staves in New Orleans was given to B, who directed the railroad to deliver to a steamship com-

pany by which they were exported to Hamburg, Germany. The railroad charged at the fifteen cent rate and the shipper complained. The goods were not billed through to Hamburg, the bill of lading being a local one, to New Orleans only.

It was argued that the service rendered by the railroad was wholly within the State of Louisiana and had no contractual or necessary relation to foreign transportation. Bringing the staves to New Orleans, it was argued, was merely preliminary to their ocean carriage, and independently contracted for.

The court said: "It is the essential character of the commerce, not the accident of local or through bills of lading, which determines federal or state control over it. And it takes character as interstate or foreign commerce when it is actually started in the course of transportation to another state or to a foreign country. * * * The staves * * * were intended by the shippers to be exported to foreign countries, and there was no interruption of their transportation to their destination except what was necessary for transshipment at New Orleans."[55]

The line of distinction between this case and that of the Hardin Grain Company is a difficult one to draw. The Supreme Court seems to be feeling its way, and in several recent cases has stated the rule just quoted that the essential character of the commerce is the test.

29. **Loss of interstate character—Prohibition of sales.**—Even though an article shipped in interstate

[55] Louisiana R. R. Comm. v. Tex. & Pac. Ry., 229 U. S. 336.

commerce has reached its final destination in a state, it has not fallen as yet wholly within the power of the state. So long as it remains in the original package in the hands of the consignee its sale cannot ordinarily be prohibited, even though the state considers it an obnoxious article, and although the state has a right under its police power to prohibit the production of like articles in the state or to prohibit the sale of like articles produced in the state. Until it is sold by the consignee to another person in the original package or until, while still in the hands of the consignee, the original package is broken up, it remains an article of interstate commerce. This assures at least one sale within the state, free from state control. This is an application of the so-called "original package" doctrine.

After such sale or after the package is broken up by the consignee, the article becomes incorporated in the mass of property subject to the police power of the state in like manner as is property of home production. Even in the original package in the hands of the consignee, as has been seen, it is subject to ordinary taxation, provided it is taxed in like manner and to the same extent as are like intrastate articles.[56] Thus a license tax may be charged for the privilege of selling it, if the same license is required for the sale of like intrastate articles.[57] But the sale cannot be prohibited, nor discriminatingly taxed. Nor, as has been shown, if the goods are outside the state can the selling or soliciting of sales be taxed

[56] Brown v. Houston, 114 U. S. 622.
[57] Woodruff v. Parham, 8 Wall. 123 (U. S.).

at all, for this would be a restriction upon the right to bring or send them in.[58]

30. **Imported goods—Original package doctrine.**—In regard to taxation an important distinction is to be noted between goods imported from foreign countries and goods brought in from other states of the Union. The former alone are "imports" within the technical meaning of Article I, §9 of the Constitution, which says: "No state shall, without the consent of the Congress, lay any imposts or duties on imports." It was under this clause that the famous case of Brown v. Maryland[59] was decided, in which the "original package" doctrine was first laid down. The court, in 1827, Chief Justice Marshall delivering the opinion, held that this clause not only prohibited a state's levying a duty on goods imported from a foreign country, like a tariff duty, for the privilege of coming in, but that the clause extended the immunity of the goods from all state taxation so long as they remained in the original package in the hands of the importer. Of what avail would be the freedom from state taxation while coming in, if immediately after entrance a tax could be levied by the state? It has been said that it would have been sufficient to hold that the states could not lay any discriminating tax upon them on account of their foreign origin, but the court went further, holding that so long as they were in the hands of the importer in the original package the state could lay no tax at all upon them. And this is just, for much

[58] Robbins v. Shelby Taxing District, 120 U. S. 489.
[59] 12 Wheat. 419 (U. S.).

of the goods imported passes on in the original package to interior states, and even a non-discriminating tax laid on the original package in the state of first importation would be ultimately borne by the consumers in the interior. In effect the foreign commerce of the interior states would be taxable by the border states if the other rule had been adopted.

31. **The doctrine extended.**—The original package doctrine thus originating as a test to determine when an imported article becomes domestic was later applied to determine when an interstate article becomes an intrastate article, so far as the states' police power is concerned. As we have seen, however, the states may tax interstate articles, provided no discrimination is made against them in favor of intrastate articles. This distinction for purposes of taxation between imported and interstate articles was made possible by holding that an article brought into a state from another state of the Union is not an "import,"[60] in spite of the fact that in some of the cases such articles are loosely and in a popular sense called imports. See for example the opinion in Coe v. Errol.[61]

32. **What is an original package.**—The question arose in May v. New Orleans,[62] what is to be deemed the original package? May was an importer of dry goods and conducted a jobbing business. He contended that his stock of goods was exempt from the ordinary state and local property taxes because all the goods on his shelves and in his warehouse were

[60] Woodruff v. Parham, 8 Wall. 123 (U. S.).
[61] 116 U. S. 517, LEADING ILLUSTRATIVE CASES.
[62] 178 U. S. 496.

in the "original packages." In some instances he imported five hundred dozen towels, which had been put up by the foreign manufacturer in packages of five dozen towels each, the whole lot being shipped in one large wooden case, which was provided by the packer who prepared them for shipment. He contended that the five dozen packages were the original manufacturer's packages. These he never broke. If his contention had been sustained his entire stock would have been exempt. The court held, however, that the "boxes, cases or bales in which plaintiffs' goods were shipped were the original packages."

33. **Same subject—Austin v. Tennessee.**[63]—The State of Tennessee prohibited the sale of cigarettes. Of course this act could not apply to the first sale in the original package in which the cigarettes had been shipped to the seller from another state. The plaintiff had been convicted in the court below for selling a package containing only ten cigarettes. This he contended was the original, and in fact it appeared that this little pasteboard package had never been included or wrapped in any larger package, case or parcel whatever. Austin had purchased the cigarettes from a factory in North Carolina. When the manufacturer had put the cigarettes in the small boxes, each containing ten cigarettes, he piled up these boxes on the floor of his warehouse, and notified an express company to come and get them. An express agent came with an open basket, furnished by the express company, into which he

[63] 179 U. S. 343.

put the little boxes. In this open basket they were carried by express to Austin's town in Tennessee. An agent of the express company there brought the basket into Austin's store, lifted out the little boxes, placed them on a counter and carried the basket away.

What is the "original" package when there is never but one package? The court solved the problem by saying: "The real question in this case is whether the size of the package in which the importation is actually made is to govern; or, the size of the package in which bona fide transactions are carried on between the manufacturer and the wholesale dealer residing in different states. We hold to the latter view. The whole theory of the exemption of the original package from the operation of state laws is based upon the idea that the property is imported in the ordinary form in which, from time to time immemorial, foreign goods have been brought into the country. These have gone at once into the hands of the wholesale dealers, who have been in the habit of breaking the packages and distributing their contents among the several retail dealers of the state. * * * In all the cases which have heretofore arisen in this court the packages were of such size as to exclude the idea that they were to go directly into the hands of the consumer. * * * Without undertaking to determine what is the proper size of an original package in each case, evidently the doctrine has no application where the manufacturer puts up the package with the express intent of evading the laws of another state, and is enabled to

carry out his purpose by the facile agency of an express company and the connivance of his consignee."

Whatever the form or size of the package employed, the transaction must be in good faith and the usual methods of interstate shipment must not be departed from for the purpose of evading the police powers of the states.[64]

[64] Cook v. Marshall Co., 196 U. S. 261.

CHAPTER V.

STATE POLICE POWER AND INTERSTATE COMMERCE.

34. **State police power limited.**—The attempt is usually made to sustain state regulations of interstate commerce by showing that the act in question was passed under the police power of the states. Sometimes the expression "state police power" is used as if it included the whole power of the state to legislate over its internal affairs. Usually, however, it is used to describe only a portion of that power,—the more sacred or important portion, that to pass laws for the protection of the health, safety and morals of the community. Sometimes the promotion of the general welfare is included in its scope. Whatever subjects the power includes, however, it is only state legislative power, and the object of the Constitution was to take away some of the state legislative power and confer it upon the central government. In conferring upon Congress the power to regulate interstate commerce some of the police power formerly belonging to the states was taken away.

"The state cannot, under cover of exerting its police powers, undertake what amounts essentially to a regulation of interstate commerce, or impose a direct burden on that commerce. * * * But when the local police regulation has real relation to the

suitable protection of the people of the state, and is reasonable in its requirements, it is not invalid because it may incidentally affect interstate commerce, provided it does not conflict with legislation enacted by Congress pursuant to its constitutional authority."[65]

This topic may be well illustrated by the decisions with reference to intoxicating liquors.

35. **Intoxicating liquors.**—On account of the social and economic interest in the suppression of intoxicating liquors and the immense capital invested in the business, there has been extensive and instructive litigation over the position of such liquors in interstate commerce, and the subject requires special discussion because of the peculiar national legislation now governing it, viz.: the 21st Amendment and the Webb-Kenyon Act, etc. It is necessary to determine the state of the law prior to this legislation. It was well settled that the prohibition of intrastate commerce in intoxicating liquors was within the police power of the states.[66] In 1887 the Supreme Court reaffirmed the view that the manufacture of intoxicating liquors for drinking purposes could be prohibited by a state, and that brewers and distillers whose expensive plants were thus rendered almost worthless had no constitutional complaints.[67] Such legislation was also within the scope of the internal power of the states, called the police power. In the case last cited, the court said: "We cannot shut out

[65] Savage v. Jones, 225 U. S. 501, 524, 525.
[66] Bartemeyer v. Iowa, 18 Wall. 129 (U. S.); Beer Co. v. Mass., 97 U. S. 25.
[67] Mugler v. Kansas, 123 U. S. 623.

of view the fact, within the knowledge of all, that the public health, the public morals, and the public safety, may be endangered by the general use of intoxicating drinks; nor the fact * * * that the idleness, disorder, pauperism, and crime existing in the country are, in some degree at least, traceable to this evil."

The following year, however, the court held that a statute of Iowa to forbid the bringing of intoxicants into Iowa from other states was an unconstitutional regulation of interstate commerce.[68] It was admitted that a state might prohibit the bringing in of infected rags, or diseased meat or cattle, for such things are not legitimate articles of commerce, but intoxicating liquor has always been regarded as legitimate property. The statute undertook to restrict the interstate transportation of property, that is, it laid a direct burden upon a national phase of interstate commerce.

In 1890, in the decisive case of Leisy v. Hardin,[69] a prohibition statute of Iowa which forbade any sale of intoxicating drinks within the state was, on the same principle, held unconstitutional because it attempted to forbid the sale by the consignee of original packages brought in from other states.

It was again affirmed that the inaction of Congress does not authorize a state to lay burdensome restrictions upon interstate commerce in any of its national aspects. Even so important a branch of a state's authority as the police power cannot override or conflict with a power granted to Congress.

[68] Bowman v. Chicago & N. W. Ry. Co., 125 U. S. 465.
[69] 135 U. S. 100, Leading Illustrative Cases.

36. **Wilson Act.**—In the same year in which Leisy v. Hardin was decided Congress passed a statute known as the Wilson Act. Its purpose was to relieve partially the states from the dilemma in which the foregoing rules placed them in reference to the control of the liquor traffic. The effect of this act is to prevent the consignee of interstate liquor from selling it in prohibition states, even in the original package. The Act provides: "Upon arrival in such state or territory" it is "subject to the operation of the laws of such state or territory enacted in the exercise of its police powers, to the same extent and in the same manner as though such liquid or liquors had been produced in the state or territory" and is not "exempt therefrom by reason of being introduced therein in original packages or otherwise."

The expression, "upon arrival," in this statute has been construed to mean, upon reaching the consignee,[70] so that a state could still not prohibit the bringing in of intoxicants. They could not be seized at the state line, nor taken from the carrier. Not until they reached the consignee did the state's power attach.

37. **The Webb Act.**—In 1913, Congress passed a statute which provides, "That the shipment or transportation, in any manner or by any means whatsoever, of any * * * intoxicating liquor of any kind, from one State, Territory or District of the United States * * * or from any foreign country into any State, Territory or District of the United States * * * which * * * is in-

[70] Rhodes v. Iowa, 170 U. S. 412.

tended, by any person interested therein, to be received, possessed, sold, or in any manner used, either in the original package or otherwise, in violation of any law of such State, Territory or District * * * is hereby prohibited."

38. **Constitutionality of Wilson and Webb Acts.** —The constitutionality of the Wilson Act was attacked upon the ground that it was a delegation to the states of the power to regulate a national phase of commerce, given by the Constitution exclusively to Congress. The Supreme Court, of course, admitted that such powers could not be delegated to the states, but held the act constitutional.[71] The court reasoned that theretofore the states had been prevented from prohibiting the sale of liquor in original packages because the previous silence of Congress implied its intention that such traffic should be unregulated; the original package doctrine had been laid down merely as a rough rule for determining the point of time at which it might ordinarily be implied that an article of interstate commerce would pass from national to state control, but that Congress might by action provide that certain articles or phases of commerce might be divested of their interstate character at an earlier time.

The constitutionality of the Webb Act was also upheld. However, soon afterwards the 18th Amendment, which became operative January 16, 1920, put at rest, theoretically at least, the problem with respect to the interstate transportation and sale of intoxicating liquors. The Webb Act was not repealed by

[71] In re Rahrer, 140 U. S. 545.

the 18th Amendment but it was re-enacted through the Webb-Kenyon Act, which with its amendments and in conjunction with the 21st Amendment, which repealed the 18th, now regulates the transportation of intoxicating liquors in interstate commerce.

The Federal statutes now prohibit the shipment or the transportation in interstate commerce, from one state to another of intoxicating liquor which is intended to be used in violation of any law of the state into which it is sent. Intoxicating liquors are not entirely removed from the protection of the commerce clause, as it is only importation in violation of a state law that is forbidden and through shipment is still possible. But such limitation on the commerce clause of the constitution has resulted in many state laws pertaining to intoxicating liquors being upheld as no longer violating the commerce clause of the federal constitution.

39. **Police power—Later cases.**—In Plumley v. Massachusetts[72] the Supreme Court held valid a statute of that state which prohibited the sale of oleomargarine colored in imitation of butter, though in terms the statute was applicable to interstate oleomargarine, even when plainly labeled "oleomargarine," and notwithstanding it was admitted that as ordinarily prepared it was healthful. The court rested the decision on the ground that the statute was passed to prevent fraud.

So a statute prohibiting anyone to have in his possession within the state any dead game of certain

[72] 155 U. S. 461.

varieties during the season when it was unlawful to kill such game in the state, was held valid even as to game killed outside the state and shipped in.[73]

Assuming that these two cases were correctly decided, it has been argued that Leisy v. Hardin is erroneous. It is said that the police measure in question in Leisy v. Hardin, prohibiting the sale of intoxicants, is as fully within the police power as is the prevention of fraud or the protection of game. This seems to miss the point. The liquor prohibition statute almost completely cuts off interstate commerce in a legitimate article, whereas the oleomargarine statute left interstate commerce in that food free, provided it was not colored so as to facilitate fraud. Legitimate commerce was not restrained. The dead game law restricted traffic in interstate game during portions of the year only. Is the regulation burdensome or not, is the question.

It has been held that while a state can prohibit the bringing in of diseased cattle, it cannot prohibit the bringing in of all cattle from a region in which a contagious disease is prevalent.[74] If a system of inspection at the boundary line for the separation of the diseased from the sound animals is not unreasonably expensive or burdensome, all cattle may be required to undergo inspection.[75] Whether a given regulation is unduly burdensome or not is, of course, a question largely of fact, a question of degree, and minds may reasonably differ as to the application of the rule in given cases.

[73] Silz v. Hesterberg, 211 U. S. 31.
[74] Railroad Co. v. Husen, 95 U. S. 465.
[75] Reid v. Colorado, 187 U. S. 137.

CHAPTER VI.

NATIONAL LEGISLATION AND LEGISLATIVE POWER.

40. **Scope and effect.**—The legislative power of the central government over any phase of interstate commerce is complete. Congress may, if it chooses, cover the whole field fully. The last few years have seen an ever increasing amount of national regulation. When Congress fully regulates a phase of interstate commerce the power of the states over it entirely ceases.

Ordinarily an act of Congress regulating any phase of commerce does not purport to regulate it fully and exclusively. In that case, if it is a local phase, the states may still pass regulating laws not inconsistent with the national law. The same principle applies to national phases of commerce. Even though Congress has regulated one such phase, if the Act of Congress does not occupy the whole field, the states may still enact regulations provided they are not unduly burdensome and do not conflict with the national law. The Act of Congress is to be analyzed to determine whether or not it is intended to be exclusive, that is, fully to cover the subject.[76]

The extent to which Congress may go in the regulation of interstate commerce will now be shown by setting forth some of the principal statutes and the

[76] Savage v. Jones, 225 U. S. 501; Southern Ry. Co. v. Reid, 222 U. S. 424.

reasons given by the courts in holding them within the power of Congress.

41. Safety rules for highways of interstate commerce.—The term highways is here used in a broad sense. It includes the navigable waters, whether the ocean, lakes, navigable rivers or canals; the common roads used by wagons and automobiles, the steel roads or railway tracks, the electric wires as bearers of intellectual intercourse; and it may include the air, which is as much a medium of transportation of the airship as the ocean is of a water-borne vessel.

It is apparent at once that the ocean is not only a highway of intrastate commerce but also a highway of interstate and of foreign commerce. It carries vessels and goods and persons from a port or ports in one state to a port or ports in other states, and between domestic and foreign ports. It also carries vessels, goods and persons bound from one port in a state to another port in the same state.

It is therefore a common agency of both interstate and foreign commerce on the one hand and of intrastate commerce on the other. The same is true of the other highways mentioned. Thus a common road with its connections may form a continuous highway over which wagons and automobiles pass from a point in one state to a point in another. So a single railway track may have passing over it both interstate and intrastate trains.

What is the power of Congress over such a double-natured highway? It may now be safely laid down that as to every sort of regulation that has the direct effect of making such a highway safe for interstate

commerce, Congress has power to enact it; and every intrastate carrier must obey such safety regulations as well as the interstate carriers. While Congress has no power as such to regulate the intrastate carriers alone, yet when they use a highway which may also rightly be used by interstate carriers, Congress may prescribe the rules of the road and require the intrastate carriers to so conduct themselves that the interstate carriers will be safe. Congress has power to make regulations for the safe transit of interstate vehicles of commerce, and this power carries with it the power to regulate intrastate carriers so far as that is incidentally necessary to regulate the former.

42. **Same subject—Safety Appliance Act.**—In 1893 Congress passed an Act requiring the use of specified types of brakes and couplers by interstate railroads on all trains *engaged in interstate traffic.* This Act was amended in 1896 and 1903, and finally in 1910 an amendment was passed extending the same requirements to every train on an interstate road without regard to whether the train was itself engaged in interstate traffic. It might be a purely local train carrying only goods or passengers from one point in a state to another point in the same state, yet if it ran over a road which engaged in interstate commerce the statute applied to that train.

The Supreme Court held that the provisions of this amendment were within the power of Congress.[77] "And this is so," said the court, "not because Congress possesses any power to regulate intrastate com-

[77] Southern Ry. Co. v. United States, 222 U. S. 20.

merce as such, but because its power to regulate interstate commerce is plenary and competently may be exerted to secure the safety of the persons and property transported therein and of those who are employed in such transportation, no matter what may be the source of the dangers which threaten it. That is to say, it is no objection to such an exertion of power that the dangers intended to be avoided arise, in whole or in part, out of matters connected with intrastate commerce.

"Speaking only of railroads which are highways of both interstate and intrastate commerce, these things are of common knowledge: Both classes of traffic are at times carried in the same car; and when this is not the case, the cars in which they are carried are frequently commingled in the same train and in the switching and other movements at terminals. Cars are seldom set apart for exclusive use in moving either class of traffic, but generally are used interchangeably in moving both; and the situation is much the same with trainmen, switchmen and like employees, for they usually, if not necessarily, have to do with both classes of traffic. Besides, the several trains on the same road are not independent in point of movement and safety, but are interdependent, for whatever brings delay or disaster to one, or results in disabling one of its operatives, is calculated to impede the progress and imperil the safety of other trains. And so the absence of appropriate safety appliances from any part of any train is a menace not only to that train but to others."[78]

[78] Southern Ry. Co. v. United States, 222 U. S. 26, 27.

43. **Employer's Liability Act.**—The Employer's Liability Act of 1908 applies to any railroad engaged in interstate commerce and determines its liability for injuries received by any employee while he is employed in interstate commerce. The act lays down rules of liability quite different from those of the common law applicable in most states to other employers, and much more favorable to the employee. Among other things the Act abolishes the so-called "fellow servant rule," and provides that the company may be liable where one employee is injured through the negligence of another employee, though the two employees be "fellow servants."

The constitutionality of the act was attacked partly on the ground that in terms the statute made no distinction between the cases where the negligent employee was also employed in the interstate business of the company and where he was engaged in intrastate business only. The court sustained the statute, saying that, while it affected the conduct of persons engaged in intrastate commerce, this was incidental to the protection of interstate commerce.[79]

Interesting cases are arising under this statute as to what employees of a railroad are employed in interstate commerce, where, as usual, the road engages simultaneously in both interstate and intrastate commerce.

A man employed by a railroad company to help in repairing a bridge used in the company's interstate business as well as in its intrastate business, is employed in interstate commerce while merely

[79] Second Employers' Liability Cases, 223 U. S. 1.

carrying bolts to repair the bridge.[80] The court said that the repairing of cars, engines, track, wharves and other instrumentalities used in interstate commerce is a part of that commerce, but suggested that the original construction of such instrumentalities to be afterwards used in interstate commerce is not. If a railroad operates a car factory both for construction and repair, it seems that employees engaged in much the same kind of work may partly be interstate commerce employees and partly plain employees. Repairing equipment is interstate commerce, but manufacturing equipment is not commerce at all. If an employee does some of each, he is apparently an interstate commerce employee. It has been held that an employee whose duty it is to take the numbers of, and seal up and label, cars, some of which are engaged in interstate and some in intrastate traffic, is engaged in interstate commerce.[81]

44. **White Slave Traffic Act.**—The motive or purpose for which Congress enacts a regulation of foreign or interstate commerce is immaterial. The Act of June 25, 1910, makes it a felony for any person knowingly to transport or cause to be transported, in interstate or foreign commerce, any woman or girl for the purpose of prostitution or for any other immoral purpose, or to aid in transporting or getting transportation for any woman or girl traveling in interstate commerce for the purpose of engaging in prostitution or other immoral practices at her destination, or with intent to induce or entice her

[80] Pedersen v. Del., Lack. & Western R. R., 229 U. S. 146.
[81] St. Louis, San Francisco & Tex. Ry. Co. v. Seale, 229 U. S. 156.

into such practices at her destination, or to entice or persuade any woman or girl to go from one place to another in interstate commerce for such purposes.

It was contended that this act was unconstitutional on the grounds (1) that the commerce clause is not broad enough to include the regulation of prostitution or any other immorality of citizens of the several states as a condition to their right to travel interstate or assist another to travel; (2) because the right to regulate and control prostitution or any other immoralities in the states comes within the reserved police power of the states with which Congress cannot interfere; and (3) the motive or intention of the passenger, either before beginning the journey or during or after completing it, is not a matter of interstate commerce.

The Supreme Court said that the Act was restricted to the regulation of transportation and that Congress had the power to prevent the use of interstate transportation for improper purposes, as was shown in the exclusion of lottery tickets[82] and obscene literature[83] from such transportation. The acts of immorality done in a state before the journey was begun or after its completion were embraced within the statute as determining the purpose of the transportation.

"The power of Congress under the commerce clause of the constitution is the ultimate determining question. If the statute be a valid exercise of that power, how it may affect persons or states is not

[82] The Lottery Case, 188 U. S. 321.
[83] U. S. v. Popper, 98 Fed. 423.

material to be considered. It is the supreme law of the land, and persons and states are subject to it. * * * The principle established by the cases is the simple one * * * that Congress has power over transportation 'among the several states'; that power is complete in itself, and * * * Congress, as an incident to it, may adopt not only means necessary but convenient to its exercise, and the means may have the quality of police regulations. * * * We have no hesitation, therefore, in pronouncing the act of June 25, 1910, a legal exercise of the power of Congress."[84]

45. **Pure Food and Drugs Act.**—This Act was passed by Congress under its authority to prevent the facilities of interstate commerce from being used to transport impure and adulterated foods and drugs from the place of manufacture to the people who use and consume them. Its constitutionality was sustained on the same ground as was the White Slave Act.[85]

The Act also regulates intrastate commerce to some extent. It provides that "misbranded" goods shipped in violation of the Act may be seized while "unsold" in the hands of the consignee. The brand or label must be on the immediate bottle, can or other container. In terms then the Act authorizes the seizure of a can or bottle after the original package has been broken. In answer to the objection that when the original package is broken the article passes out of interstate commerce and from the

[84] Hoke v. U. S., 227 U. S. 308, 320, 323.
[85] Hipolite Egg Co. v. U. S., 220 U. S. 45.

power of Congress to regulate it, the Supreme Court held that this partial restraint upon intrastate commerce was justified as a convenient and proper means of enforcing a valid regulation of interstate commerce.[86]

46. **Minnesota Rate Cases.**—There is no sharp legal distinction between the internal commerce of a state and the commerce of its people with the people of other states. With reference to the Original Package Doctrine it has been said above that it is but a rough rule to be applied with reason and discrimination. With reference to transportation rates it has constantly been said that rates between points within a single state are matters of intrastate commerce and exclusively for the states to regulate, whereas interstate rates are within the exclusive power of Congress.

The complexity of commerce is beginning to make it apparent that this cleavage is not practical, and that the Constitution does not require us to hold to it rigidly. Commercially the people of the United States are one people. The business of wholesale houses and other distributors and the transportation routes pay no attention to state lines.

Suppose there are two large cities or distributing centers near each other, one in one state, the other in another state. Take Kansas City, Kansas, and Kansas City, Missouri. Suppose the State of Missouri lowers the intrastate rates below the interstate rates. Kansas City, Missouri, will then have a trade advantage throughout Missouri, over its neighboring

[86] McDermott v. Wisconsin, 228 U. S. 115.

competitor. Not only that, but as to all goods collected in Missouri, the Missouri city will have an advantage in distributing them in Kansas. It is apparent that the regulation of the internal rates will have a direct effect upon interstate commerce.

So far as such regulation does have a direct effect upon interstate commerce, is it not within the power of Congress? In the former Minnesota Rate Cases[87] this question was raised. It was contended that the Minnesota State Rate Law was unconstitutional because it had a discriminating effect upon the trade centers of other states adjacent to Minnesota. In fact, it was shown that the railroads, if they complied with the rates in Minnesota, would have to readjust their schedules as far as the Pacific coast in order to avoid discrimination between the Minnesota trade centers and others along their routes.

The court, however, held that the state law was valid, but upon the ground that the regulation of such intrastate rates was a local phase of interstate commerce and no act of Congress had yet embraced that phase. The court distinctly announced that the regulation of such intrastate rates as were in question was within the power of Congress.

BIBLIOGRAPHY.

Willoughby, Constitutional Law, ch. xliii; *Judson,* Interstate Commerce (2d ed.); *Calvert,* Interstate Commerce; *Prentice & Egan,* Commerce Clause of the Constitution.

[87] 230 U. S. 352, LEADING ILLUSTRATIVE CASES.

QUIZ QUESTIONS
INTERSTATE COMMERCE

(The numbers refer to the numbered sections in the text.)

1. (a) Does the Constitution expressly provide that Congress alone shall regulate interstate commerce? (b) Can two independent authorities regulate the same thing?
2. Why did not the case of Gibbons v. Ogden settle the question whether the power to regulate interstate commerce was exclusively vested in Congress?
3. Would the transmission of electric power from one state to another be interstate commerce?
4. (a) Would the owner of an automobile taking his family and a friend for a pleasure trip into another state be engaged in interstate commerce in any manner? (b) Is an express company engaged in commerce while shipping a Christmas present?
5. (a) What is the test for determining when a commercial transaction is interstate? (b) If two men reside in the same state and one contracts with the other to buy grain stored in that state for delivery in another state, is that an intrastate or interstate commercial transaction? (c) If a man takes a wagonload of watermelons from state A into state B and there peddles them from house to house, what part of the transaction is interstate commerce? Are the sales interstate commerce?

6-8. Can a state exclude an insurance corporation organized in another state from doing business within its limits?

7. Is oyster dredging in New Jersey waters for the sole purpose of supplying the New York market an operation of interstate commerce?

9. What was the doctrine of the case of Cooley v. The Port Wardens?
10. (a) Name some of the various phases of interstate commerce. (b) What is the general rule to determine whether a given phase is national or local? Is this a clear-cut rule?
11. (a) What legislature or legislatures may make rules to govern national phases of interstate commerce? (b) Local phases? (c) What is the difference in degree or extent of a state's power to regulate these two sorts of phases?
12. (a) Give examples of local phases. (b) Is ferriage a local or a national phase?

13-15. (a) Why is interstate transportation a national phase? (b) May a state tax the right to carry goods into or through its territory without discrimination between intrastate and interstate carriage?

16-17. (a) What laws regulated interstate transportation rates prior to 1887? (b) Why would not an Illinois statute fixing freight rates apply between Peoria and Chicago, to goods shipped by way of Chicago from Peoria to Gary in Indiana?

18. Would an unwritten rule of state law be valid as a regulation of interstate commerce, where a statute would not be?
20. Would a state law requiring railroads to provide separate accommodations for whites and negroes be valid as applied to interstate trains?
21. Do you think a state statute prohibiting the running of any freight train on Sunday would be valid?
22. Take any business you are familiar with, and figure out to what extent its operations are interstate commerce.
24. On the day for assessing state and local taxes, an Iowa farmer is in this situation: He has previously made a contract to sell all his corn for delivery in Chicago, title to pass on delivery in Chicago. Part of his corn is still in cribs on his farm, part is stored in an elevator awaiting cars, part is loaded in cars for immediate shipment, and part is in wagons on the road, to be loaded directly into cars. How much of the corn should be included in his assessment?
26. Suppose a Pennsylvania coal mine sells all its coal in New York, shipping it by rail to South Amboy, New Jersey, and thence by water to New York City. At South Amboy it keeps in store on an average 200,000 tons for the purpose of

quickly filling orders which it regularly gets from New York. May New Jersey levy the usual taxes on the coal stored at South Amboy?

27. Could a shipper take advantage of a low state rate in New York, in sending goods from New York to Chicago, by sending them on a local bill of lading to Buffalo to his agent there, to be forwarded from Buffalo to Chicago on a new bill of lading?
28. What is the test at present laid down by the Supreme Court, in cases like that in the last question, to determine which rate applies? Is the test definite?
29. How far does the right to be free from state control go as to the sale of articles brought in from other states?
30. How long are foreign imported goods free from state taxation? Goods brought in from other states?

31-32. Is a state's right to tax as limited as its right to regulate sales, as to articles brought in from other states?

34. (a) What is a state's police power? (b) Is it unlimited?
35. (a) Why was it held that a state might prohibit the bringing in of diseased meat, but not injurious drinks, like whiskey? (b) Does Leisy v. Hardin show that a state has a right to regulate interstate commerce under its police power?

36-37. What is the present power of states over interstate commerce in intoxicating liquors?

39. What is the real test as to when a state statute passed in exercise of the police power is valid, though it affects interstate commerce?
40. What is the effect of an act of Congress regulating a phase of interstate commerce upon the power of the states to do so?
41. (a) May Congress pass an act fixing the kind of lights and danger signals to be used by automobiles on common highways? (b) Where does a country road go to?
42. Is an act of Congress regulating interstate commerce invalid if it incidentally regulates the conduct of persons and things engaged in intrastate commerce?
43. What employees of a railroad are employed in interstate commerce?
44. (a) Has Congress any "police power"? (b) Does the power to regulate interstate commerce include the power to prohibit the carriage of certain articles?

45. Does every producer of food and drugs have to trouble himself about the provisions of the National Pure Food and Drugs Act?

45-46. Can Congress regulate intrastate commerce?

46. (a) Can the states be deprived of any of their present power to regulate intrastate transportation rates? (b) To what extent?